THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Primeview Holdings Limited (the "**Company**"), you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This issuance of this circular does not necessarily mean that trading in the Shares will be resumed. The Company will make separate announcement(s) in respect of the Resumption.

Primeview Holdings Limited
領視控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 789)

PROPOSED RESUMPTION OF TRADING

Financial Adviser to the Company

Alliance Capital Partners Limited
同 人 融 資 有 限 公 司

Capitalised terms used on this cover shall have the same meanings as those defined in the section headed "Definitions" in this circular unless otherwise stated.

A letter from the Board is set out on pages 8 to 151 of this circular. Your attention is drawn to the additional information set out in the appendices to this circular.

4 July 2019

CONTENTS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

"1st Letter"	the letter dated 27 October 2017 from the Stock Exchange informing the Company, among other things, the Decision and the Resumption Conditions
"1st Resumption Proposal"	the proposal for the resumption of trading in the Shares made by the Company dated 11 April 2018
"2nd Letter"	the letter dated 4 May 2018 from the Stock Exchange in response to the 1st Resumption Proposal
"2nd Resumption Proposal"	the proposal for the resumption of trading in the Shares made by the Company dated 24 September 2018
"Acquisition"	the acquisition of the entire equity interests and sale shares in each of Viennois Hong Kong and Wei Ya Guangzhou by the Group which was completed in November 2017, details of which are set out in the announcement of the Company dated 18 October 2017
"ADAU"	the average number of visits with a specific internet protocol address per day to the Online Wholesale Platforms for the relevant period
"ADPV"	the number of visits per day to the Online Wholesale Platforms for the relevant period
"Alliance Capital"	Alliance Capital Partners Limited, a corporation licensed by the SFC to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Company in respect of the Resumption
"Annual Report 2017"	the annual report of the Group for the year ended 31 March 2017 which was despatched on 16 August 2017
"Annual Report 2018"	the annual report of the Group for the year ended 31 March 2018 which was despatched on 27 July 2018
"Annual Results 2017"	the consolidated results of the Group for the year ended 31 March 2017 which was published on 17 July 2017

"Annual Results 2018"	the consolidated results of the Group for the year ended 31 March 2018 which was published on 29 June 2018
"Annual Results 2019"	the consolidated results of the Group for the year ended 31 March 2019 which was published on 17 June 2019
"associate(s)"	has the same meaning ascribed to it under the Listing Rules
"B2B"	business to business
"B2C"	business to customer
"Board"	the board of Directors
"CAGR"	compound annual growth rate
"CDM"	concurrent design and manufacturing
"CDM Sales Business"	the business of sale of products at the customer's chosen level of participation in the design process, concurrently working with the customer in designing the products and coordinating the manufacturers according to the customer's desired final design
"CIC Report"	the independent industry report by CIC in relation to the Integrated Fashion Accessories Platform Business
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	Primeview Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange (stock code: 789)
"connected person(s)"	has the same meaning ascribed to it under the Listing Rules
"Decision"	the decision of the Stock Exchange to place the Company into the first delisting stage under Practice Note 17 of the Listing Rules as set out in the 1st Letter
"Director(s)"	the directors of the Company

"Disclaimer of Opinion"	the disclaimer of opinion issued by Moore CPA which was extracted in the Annual Results 2017 and incorporated into the Annual Report 2017, a summary of which is set out in the section headed "D. Fulfillment of the Second Resumption Condition — addressing the audit qualifications" in this circular
"E-commerce Business"	the business of development and sale of tailor-made software related applications and provision of related services
"Fashion Accessories Businesses"	collectively, the previous CDM Sales Business, the Retail and Distribution Business and the existing Integrated Fashion Accessories Platform Business
"GMV"	gross merchandise volume
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is/are third party(ies) independent of the Company and its connected persons
"Integrated Fashion Accessories Platform Business"	the business of selling a wide selection of fashion accessories products mainly through the Group's self-operated Online Wholesale Platforms, details of which as set out in the section headed " C. Fulfillment of the First Resumption Condition — sufficient operations or assets" in this circular
"Latest Practicable Date"	28 June 2019, being the latest practicable date prior to the submission of this circular for ascertaining certain information contained herein
"Listing Division"	the listing division of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Moore CPA"	Moore Stephens CPA Limited, the former auditor of the Company

"ODM"	Original Design Manufacturer
"OEM"	Original Entrusted Manufacturer
"Online Wholesale Platforms"	the online platforms which the Group operates for its Integrated Fashion Accessories Platform Business (previously comprising www.viennois-online.com, cn.viennois-online.com which were migrated to the current domain, namely, magicb2b.com)
"Platform A" or "Platform A Group"	a PRC company (together with its associate companies, the "**Platform A Group**"), which operates a business-to-customer online platform and an Independent Third Party
"Platform A Shop"	the online shop of the Group on the third party online platform of Platform A which sells fashion accessories products to retail customers
"Platform B"	the business-to-customer online platform and an Independent Third Party
"Platform B Shop"	the online shop of the Group on Platform B which sells fashion accessories products to retail customers
"PRC"	People's Republic of China, and for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
"Proposed Properties Acquisition"	the proposed acquisition of certain properties located in Zhengzhou City, the PRC, which was terminated as the seller failed to deliver the properties by the deadline under the relevant sale and purchase agreements, details of which as set out in the section headed "B. The Group's business before the Trading Suspension" in this circular
"Resumption"	the resumption of trading in the Shares on the Stock Exchange
"Resumption Conditions"	the four conditions that the Stock Exchange has imposed to the resumption of trading of the Shares as set out in the 1st Letter and the 2nd Letter and summarised in the section headed "A. Background" in this circular and respectively referred to as the "First Resumption Condition", the "Second Resumption Condition", the "Third Resumption Condition" and the "Fourth Resumption Condition"

"Retail and Distribution Business"	the business of sale of the Group's own brand fashion accessories
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"SKU"	stock keeping unit, a unique identifier for each distinct product, as distinguished by style, size and colour, that can be purchased
"Software Businesses"	collectively, the previous E-commerce Business and the Software Sales Business
"Software Sales Business"	the business of development and sale of standard software related applications
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Trading Suspension"	suspension of trading in the Shares since 3 July 2017 at the request of the Company
"Viennois Hong Kong"	Viennois Online Limited, a company incorporated in Hong Kong with limited liability
"Wei Ya Guangzhou"	廣州唯亞智能科技有限公司 (Guangzhou Wei Ya Smart Technology Limited*), now as 廣州市碼吉科技有限公司 (Guangzhou Ma Ji Technology Limited*), a company established in the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC

"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

* *The English translation of the Chinese names in this circular, where indicated, are included for information purpose only, and should not be regarded as the official English names of such Chinese names.*

For the purpose of this circular, unless otherwise indicated, conversion of RMB into HK$ is calculated at the approximate exchange rate of RMB1.00 to HK$1.13. This exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rate at all.

The following are the professional parties involved in this circular.

Role	Professional Parties	Abbreviation
Financial adviser to the Company	Alliance Capital Partners Limited	ACP or Alliance Capital
Auditor of the Company	BDO Limited	BDO
Internal control consultant	KLC Transactions Limited	KLC
Industry expert	China Insights Industry Consultancy Limited	CIC
Legal advisers to the Company in relation to Hong Kong legal and regulatory requirements	Michael Li & Co.	MLC
Legal adviser to the Company in relation to PRC legal and regulatory requirements	Deheng Law Offices (Shenzhen)	Deheng

Primeview Holdings Limited
領視控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 789)

Executive Directors:
Mr. Tse Hoi Chau *(Chairman and Chief Executive Officer)*
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

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Unit D, 16/F
Eton Building
288 Des Voeux Road Central
Sheung Wan
Hong Kong

4 July 2019

PROPOSED RESUMPTION OF TRADING

The Board proposes the resumption of trading in the Shares on the Stock Exchange subject to the formal approval by the Stock Exchange.

Set out in this Letter from the Board are the details of the Company's proposal for the Resumption.

A. BACKGROUND

The Company was incorporated in Bermuda on 30 May 2007 as an exempted company with limited liability under the Bermuda Companies Act 1981 and its Shares are listed on the Stock Exchange on 16 May 2008 (stock code: 789).

The Trading Suspension and Resumption Conditions

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 3 July 2017 due to the late publication of the Annual Results 2017 and has not been resumed as at the Latest Practicable Date.

The Annual Results 2017 was published on 17 July 2017 which set out Moore CPA's Disclaimer of Opinion that it was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2017, and whether the said consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

On 27 October 2017, the Company received the 1st Letter from the Stock Exchange informing its Decision to place the Company into the first delisting stage under Practice Note 17 of the Listing Rules.

According to the 1st Letter, the Stock Exchange was of the view that the Company has failed to maintain a sufficient level of operations given:

(i) the diminishing scale of the Company's previous businesses (i.e. the CDM Sales Business and the Retail and Distribution Business);

(ii) it was unclear whether the Company's E-commerce Business (which recorded a revenue of HK$6.1 million for the year ended 31 March 2017) on which Moore CPA had expressed the Disclaimer of Opinion and other potential new businesses would substantially increase the Group's business operations to generate sufficient revenue and profits; and

(iii) the Stock Exchange was of the view that the Company's scale of business operations will remain small, and that the Company had not demonstrated that its business plans would support its projections or increase the level of operations to support the viability and sustainability of the Group's businesses.

The Stock Exchange was also of the view that:

(i) the Group's assets were insufficient to meet the requirements under Rule 13.24 of the Listing Rules;

(ii) the operations of the Group's assets could not enable the Group to substantially improve its operations and financial resources; and

(iii) the Company had failed to demonstrate that it had assets of sufficient value to warrant the continued listing of its Shares.

According to the 1st Letter, the following Resumption Conditions should be completed to the satisfaction of the Listing Division before trading in the Shares can resume:

(i) demonstration that the Company has sufficient operations or assets as required under Rule 13.24 of the Listing Rules (the "**First Resumption Condition**");

(ii) addressing the audit qualifications of the Company's financial statements for the year ended 31 March 2017 and the underlying causes of such qualifications (the "**Second Resumption Condition**");

(iii) demonstration that the Company has put in place adequate financial reporting procedures and internal control systems to meet its Listing Rules obligations (the "**Third Resumption Condition**"); and

(iv) informing the market about all material information of the Company (the "**Fourth Resumption Condition**").

On 11 April 2018, the Company submitted the 1st Resumption Proposal to the Stock Exchange which set out the Company's view on how the Resumption Conditions have been/will be fulfilled and contained a proposed timetable for the approval of the Stock Exchange for the resumption of trading of the Shares.

On 4 May 2018, the Stock Exchange issued the 2nd Letter informing the Company that the 1st Resumption Proposal has fallen short of the standards required for a viable resumption proposal and its decision to place the Company into the second delisting stage under Practice Note 17 to the Listing Rules.

On 24 September 2018, the Company submitted the 2nd Resumption Proposal to the Stock Exchange in support of the resumption of trading in the Shares. The 2nd Resumption Proposal has set out the Company's view on how the Resumption Conditions have been fulfilled and the Company has submitted a proposed timetable for the approval from the Stock Exchange for the resumption of trading of the Shares.

Upon request by the Stock Exchange, the Company continued to update the 2nd Resumption Proposal and provide all necessary information to the Stock Exchange in support of the resumption of trading in the Shares.

At the request of the Stock Exchange, the Company hereby issues this circular which sets out further details in support of the Resumption.

Status of the fulfillment of Resumption Conditions

As at the Latest Practicable Date, the Directors were of the view that all the Resumption Conditions were fulfilled and had therefore applied to the Stock Exchange for the Resumption.

For details of the fulfillment of the Resumption Conditions, please refer to the sections headed "C. Fulfilment of the First Resumption Condition", "D. Fulfilment of the Second Resumption Condition", "E. Fulfilment of the Third Resumption Condition" and "F. Fulfilment of the Fourth Resumption Condition" respectively in this circular.

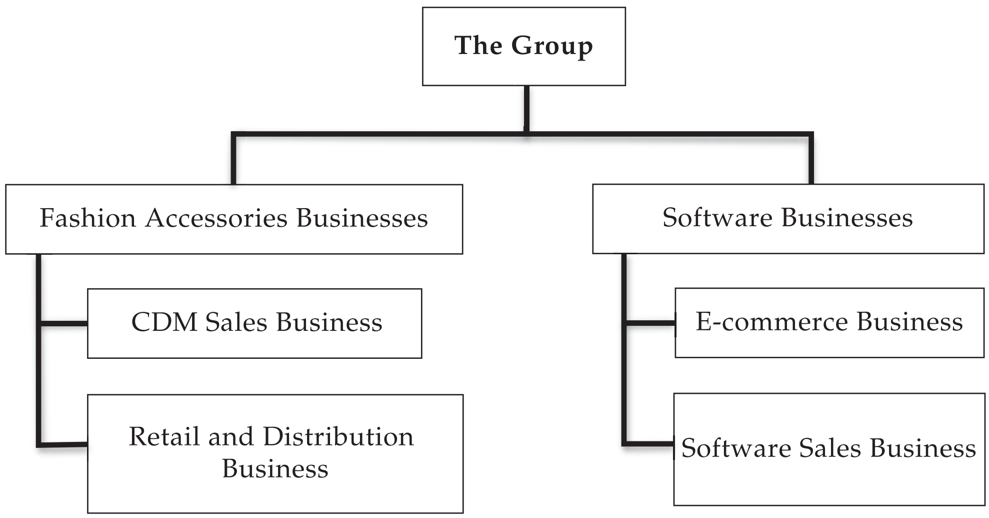
B. THE GROUP'S BUSINESS BEFORE THE TRADING SUSPENSION

The Group's main businesses in recent years were broadly divided into (i) the Fashion Accessories Businesses which were related to the sales of fashion accessories; (ii) the Software Businesses which were related to the sales of software developed by the Group.

Due to the keen competition in traditional fashion accessories business, inflation in costs and unstable economy in the PRC, the Group closed down its manufacturing facilities in 2014 in order to minimise losses caused by its manufacturing business. Furthermore, due to the change in business environments in retailing and shopping habits of customers, physical shops became burdens for the Group and hence, the Group gradually changed the business strategy and closed down the physical shops and started to explore and focus on online distribution channel in recent years. In around 2016, with a view to broadening its revenue sources, the Group commenced the Software Businesses. The Group also explored other business initiatives in the area of financial services and property business with a view to diversifying its revenue sources.

The Fashion Accessories Businesses originally comprised the CDM Sales Business and the Retail and Distribution Business. The Software Businesses were developed after the acquisition of Primeview Technology Limited, a company principally engaged in developing and selling software related applications, in October 2016, and comprised the E-commerce Business and the Software Sales Business.

The diagram below illustrates the main businesses of the Group immediately before the Trading Suspension:



The following is a summary of the business segments of the Group for the two years ended 31 March 2017:

Business segments	**Approximate percentage of the total revenue of the Group Year ended 31 March 2016**	**2017**
Fashion Accessories Businesses		
– CDM Sales Business	98%	0%[Note]
– Retail and Distribution Business	2%	59%
Software Businesses		
– E-commerce Business	–	41%
– Software Sales Business	–	–
Total:	100%	100%

Note: Only agency income was recognised.

Fashion Accessories Businesses

The Group used to focus on the operation of its Retail and Distribution Business by manufacturing and selling fashion accessories, gifts and premium items of its proprietary brand "ARTINI" in the PRC mainly through physical stores. The Group also used to operate its CDM Sales Business which traded and sold its accessory products at the customer's chosen level of participation in the design process and concurrently worked with the customer in designing the products and coordinating the manufacturing process according to the customer's desired final design.

Due to the keen competition in traditional fashion accessories business, inflation in costs and unstable economy in the PRC, the Group closed down its manufacturing facilities in 2014 in order to minimise losses caused by its manufacturing business. For the year ended 31 March 2017, the Group focused on only acting as the agent between buyers and suppliers for the CDM Sales Business and approximately HK$0.76 million of agency fee was recognised.

Furthermore, due to the change in business environments in retailing and shopping habits of customers, physical shops became burdens for the Group and hence, the Group gradually changed the business strategy and closed down the physical shops and started to explore and focus on online distribution channel in recent years. Since September 2016, the Group no longer has any retail points.

Both the CDM Sales Business and the Retail and Distribution Business were discontinued for the year ended 31 March 2018. However, the Group continues to own its proprietary brand "ARTINI".

As part of the revitalisation of the Fashion Accessories Businesses, the Group commenced selling fashion accessories products via retail and distribution channels in its Integrated Fashion Accessories Platform Business which, among other things, involved the design of fashion accessories products bearing the ARTINI brand. For details, please refer to the paragraph headed "C. Fulfillment of the First Resumption Condition — Sufficient operations or assets" in this circular.

The Software Businesses

With the new demand on the online sales management software as a result of the online sales trends and increasing demand on the smart accessory wearables, and with a view to broadening its revenue base, the Group acquired Primeview Technology Limited, a company principally engaged in developing and selling software related applications, in October 2016 and commenced its E-commerce Business.

The original plan for the E-commerce Business was to develop and sell tailor-made software related applications and provide related services to customers. The revenue generated from the E-commerce Business was approximately HK$6.12 million for the year ended 31 March 2017, which accounted from approximately 41.2% of the Group's total revenue.

However, in early 2017, the software development team of the E-commerce Business suffered from attrition. Although the Group's management has accumulated management knowhow of e-commerce business through the process and has successfully recruited another software development team in around July 2017, the departure of the former operation team, which was the key execution function of the Group's E-commerce Business, impacted the development plan of the segment. To develop alternative revenue source as a supplement to its E-commerce Business, the Group leveraged on its business network in the Fashion Accessories Businesses and started to develop and sell various Fashion Accessories Businesses related software programmes focusing on players in the fashion accessory industry.

The Group entered into software sales contracts which in aggregate amounted to over RMB7 million. However, due to the lack of experienced staff, the Group was not able to sustain its original business model which included the sale of tailor-made software related applications as previously expected by the management of the Group. Although the Group still managed to substantially fulfil the aforementioned software sales contracts by way of selling commercial off-the-shelf (COTS) software, the then members of the software development team fell short of the requisite technical capacity to deliver the tailor-made products, it might not be justifiable for the Group to put in additional resources to impel the development of the tailor-made software business, and the management of the Group considered it was not in the best interests of the Group and its Shareholders to continue pursuing such business opportunities. As a result, such business transactions and the expected return had not materialised.

Nevertheless, by utilising the software development facilities and the technological capabilities learned from the former staff, the newly recruited staff members were able to continue a limited operation of the Group's Software Businesses by way of developing and selling COTS software to its customers, i.e. the Software Sales Business. The main customers for the Software Sales Business were the Group's customers and suppliers in the Fashion Accessories Businesses who were in need of those COTS software for the development of their business. The Software Sales Business recorded revenue of approximately HK$8.4 million for the year ended 31 March 2018, accounted for approximately 14.1% of the Group's total revenue.

Meanwhile, the Group commenced to gradually shift its technical team from the Software Sales Business towards the Integrated Fashion Accessories Platform Business. It abandoned the Software Businesses during the year ended 31 March 2018.

The Group ceased the Software Businesses (including the E Commerce Business and the Software Sales Business) by gradually diminishing the scale of operation and eventually discontinued the segment. The Company did not dispose of or wind up any subsidiary during the course. Based on the terms and conditions of the service agreements entered into during the course of the Software Businesses, the Company confirmed that the Group is not subject to any existing, future or contingent liabilities associated with the Software Businesses.

Other business initiatives

Due to the diminishing traditional CDM Sales Business and Retail and Distribution Business, and the fact that the Software Businesses did not develop as originally expected, the Group also explored other business initiatives with a view to diversifying its revenue sources.

On 1 March 2016, the Group entered into several sale and purchase agreements (the "**Sale and Purchase Agreements**") with a private limited company incorporated in Henan Province, the PRC which is principally engaged in real estate development (the "**Seller**"), pursuant to which the Group agreed to acquire certain properties located in Zhengzhou City, Henan Province, the PRC (the "**Properties**"), at an aggregate consideration of RMB20,000,000 (the "**Proposed Properties Acquisition**"). The Properties were located in the vicinity where there were numerous shopping malls. The Directors then considered that the Proposed Properties Acquisition would enable the Group to expand its investment portfolio and provide flexibility in the Group's business development.

Pursuant to the Sale and Purchase Agreements, the Seller should deliver the Properties by 31 August 2016 in a completed state fitted with utilities and the Group may terminate the relevant Sale and Purchase Agreement(s) in the event the Seller fails to deliver the Properties after 90 days from 31 August 2016. The Seller had failed to deliver the Properties by the stated deadline under the Sale and Purchase Agreements despite the Group's repeated requests and follow-ups. Following negotiations, the Group received and accepted a full refund of the purchase price on 14 June 2017 and was no longer proceeding with the Proposed Properties Acquisition. For details of the Proposed Properties Acquisition, please refer to the announcements of the Company dated 1 March 2016 and 16 June 2017 respectively. After the lapse of the Sale and Purchase Agreement, the Group decided that it would not explore any other property related business.

Grand Rich Securities Limited ("**Grand Rich Securities**") (licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO), Grand Rich Futures Limited ("**Grand Rich Futures**") (licensed to carry out type 2 (dealing in futures contracts) and type 5 (advising on futures contracts) regulated activities under the SFO) and Grand Rich Asset Management Limited ("**Grand Rich Asset Management**") were indirect wholly-owned subsidiaries of the Company.

As part of its endeavour to broaden its revenue base, the Group originally planned to expand its business into financial services, including dealing in securities and future contracts, advising on securities and future contracts and asset management, via the three wholly owned subsidiaries, namely Grand Rich Securities, Grand Rich Futures and Grand Rich Asset Management.

As the Company's overall strategy is to deploy its available resources to the Integrated Fashion Accessories Platform Business, the Company decided not to proceed with its plan to commence the financial services business. As such, on 31 July 2018, the Group entered into a sale and purchase agreement to dispose of the company holding Grand Rich Securities, Grand Rich Futures and Grand Rich Asset Management (the "**Disposal**"). Upon completion of the Disposal, Grand Rich Securities, Grand Rich Futures and Grand Rich Asset Management ceased to be subsidiaries of the Company. For details of the Disposal, please refer to the announcement of the Company dated 31 July 2018.

For details of the Group's Integrated Fashion Accessories Platform Business, please refer to the section headed "C. Fulfillment of the First Resumption Condition — Sufficient operations or assets" in this circular.

C. FULFILLMENT OF THE FIRST RESUMPTION CONDITION — SUFFICIENT OPERATIONS OR ASSETS

Overview

As a result of entering into the delisting process, the Group has since re-evaluated its business plan, resources and commitments in various business endeavours.

Leveraged on:

(i) the substantial relevant experience of the senior management members of the Group in the fashion accessories industry;

(ii) the well-established customer base in the industry;

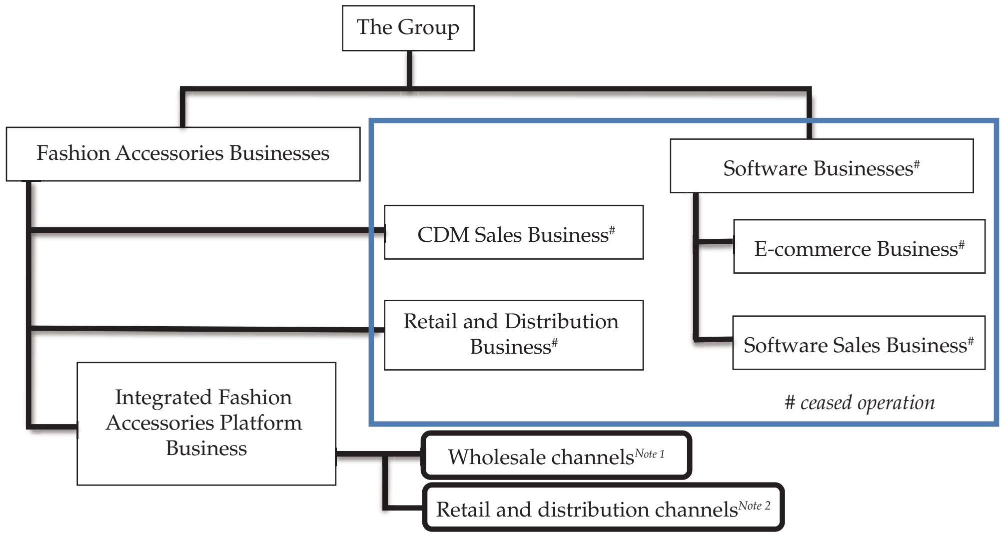
(iii) the reputation of the Group in the industry;

(iv) the technological capability the Group developed in recent years in e-commerce and online trading business; and

(v) the online infrastructure acquired through the Acquisition,

the Group revitalised its Fashion Accessories Businesses from the traditional CDM Sales Business and the Retail and Distribution Business to the Integrated Fashion Accessories Platform Business, which is an integrated business model comprising various retail and wholesale channels.

The diagram below illustrates the main businesses of the Group:



Notes:

1. Wholesale channels comprise the Online Wholesale Platforms and other offline wholesales channels.

2. Retail and distribution channels mainly comprise sales to end-customers through (i) third-party retail online platforms; and (ii) distribution or consignment by retailers.

Background of the revitalisation of the Fashion Accessories Businesses

In formulating the Group's business strategies, the Directors have considered a number of factors, including the industry prospects of different industries that the Group has business. In particular, the Directors have reviewed the industry prospects of fast fashion industry by making reference to, among others, the report prepared by CIC. For details, please refer to Appendix I to this circular.

Growth potential of fashion accessories in global and the PRC markets

As reported by CIC, the PRC's and the global fast fashion industry have witnessed a significant growth. In particular, the overall market size for PRC has increased from approximately RMB141.2 billion in 2014 to approximately RMB230.2 billion in 2018, representing a CAGR of 13.0%. The market size is forecasted to reach approximately RMB405.0 billion by 2023 with a CAGR of 12.0% from 2018 to 2023. Consequently, fashion accessories emerged as an important product segment as consumers demand high-quality yet affordable products.

As reported by CIC, the following are the main market drivers for the affordable luxury market:

(i) The expansion of middle-class

Both the middle-class population and the total wealth of middle-class are increasing in recent years globally. There are around 700 million middle-class adults in the world in 2018, which accounted for 15% of the world's total adult population. The numbers are expected to further increase in the future. Middle-class population accounted for 39% of total population in the US and 30% of total population in Europe, indicating broad market base for affordable luxury goods in these two regions. The number is relatively small for China, which is 11%, suggesting great potential to grow. The continuous expansion of middle-class has been and is expected to continue to be an important driver for the affordable luxury market.

(ii) The demand for trendy and personalized products

The young generation, which include the post 80s and the post 90s, are more willing to pay for trendy products and more personalized products to meet their needs. These young consumers are becoming, or will soon become the leading force of the consumer market, which has already driven, and will further drive the affordable luxury market to grow.

(iii) Renovation from designers

In recent years, many famous luxury brands appointed new designers to bring renovation to their products in order to further attract consumers and boost the sales. Innovation from designers provides continuous energy to the affordable luxury market, which has driven and is expected to further drive the affordable luxury market to grow.

Shifts in purchasing habit in the PRC market

In recent years, the trend of fashionable and casual design in the PRC has generated customer demand for garments with various styles to fit into different social events. Chinese consumers, with increasing fashion awareness, like to purchase multiple sets of clothes. The increasing popularity of fast fashion has complemented the increasing demand for fashion accessories to match their outfits. Therefore, consumers purchase these products more frequently. Existing fashion accessories are often replaced with new ones which are considered to be on trend. Fashion accessories' inexpensive and often disposable nature lends itself to the online sales channel. Consumers have been feeling more comfortable purchasing fashion accessories online. Additionally, online fashion accessories retailers generally have shorter supply chains, allowing firms to quickly adapt to fashion trends. This will give online retailers a competitive advantage in comparison to traditional bricks-and-mortar accessories retailers. As reported by CIC, the online sales of fast fashion and affordable luxury products increased at a CAGR of 40.5% between 2014 and 2018, while CAGR of the sales from offline channel was 6.6% during the same period. The online sales of fast fashion and affordable luxury products is expected to grow further to represent approximately 51.9% of the total fast fashion sales in PRC by 2023.

Export prospects through B2B

As reported by CIC, the PRC is also expected to have an increasing demand of fashion accessories in response to the global fast fashion trend and nationwide consumption upgrade. The fashion accessories export value via B2B e-commerce platform is expected to increase at a CAGR of 15.9% and reaches approximately RMB7.1 billion by 2023, with a penetration rate of 45.0%. Meanwhile, the traditional offline sales channel had witnessed a downward trend since 2015. With more and more suppliers switching to online sales channel and consumers' preference on online sales channel due to its convenience and cheaper prices, the slowing-down trend for offline sales channel is expected to continue.

A business model for the future

In view of the above, the Directors consider that the 21st century is a revolutionary era for the consumer goods' industries, including fashion accessories business. In particular, the Directors note the following two trends for fashion accessories business:

(i) Change in mode of operation

As reported by CIC, due to the changing consumer behaviour in PRC towards online shopping, more and more fashion accessories companies went online and shut down their offline retail stores for better overall performance. Furthermore, these companies also typically outsource the manufacturing to suppliers and only focus on the sales of fashion accessories which also help them to cut the high cost of manufacturing while achieve better performance on the sales only.

(ii) The concept of "affordable luxury" gains popularity

As reported by CIC, both fast fashion and affordable luxury products are based on the most recent fashion trends with short product life-cycle. While fast fashion products are cheaply available to general young buyers, affordable luxury products usually come from quality brands, aiming at middle-class young buyers with higher budgets.

On the above basis, the Directors are confident about the fashion accessories industry. Despite being one of the pioneers and having long standing reputation in the industry, the Directors believe that the Group must think out of the box in order to excel in the fashion accessories industry. The Group must innovate, not only at the level of products, but also at the level of business models. The Directors believe a shift from solely relying on traditional offline sales channel towards a combination of online and offline ones with a focus on the "affordable luxury" trend in response to the modern shopping patterns is the key to the revitalisation of the Fashion Accessories Businesses. The Group therefore planned and developed the Integrated Fashion Accessories Platform Business.

As the first stage of its plan, in November 2017, the Group acquired the Online Wholesale Platforms, together with the internet infrastructure, through the Acquisition. For details about the Acquisition, please refer to the announcement of the Company dated 18 October 2017. Since then, the Group commenced the business of selling fashion accessories products focusing on B2B in the wholesale market mainly via online channels (i.e. the Online Wholesale Platforms), and this kicked start the revitalisation of the Fashion Accessories Businesses.

During the year ended 31 March 2018, the Integrated Fashion Accessories Platform Business, which comprised mainly the Online Wholesale Platforms for wholesale market and offline wholesale channels at that time, generated revenue of approximately HK$51,320,000, representing approximately 85.9% of the total revenue of the Group. Since then, the business keeps growing. As shown in the operating results of the Online Wholesale Platforms for the year ended 31 March 2019 as set out in the paragraph headed "Management discussion and analysis of the Group's financial performance before and after Trading Suspension" in this section, the Online Wholesale Platforms have proven to be a successful and sustainable line of business.

The Company believes the development of the Integrated Fashion Accessories Platform Business does not stop there. The Company is ambitious to develop the Integrated Fashion Accessories Platform Business into an all-rounded business model reaching out to the widest range of customers, both in the PRC and internationally, and providing comprehensive products to them. In the third quarter of 2018, the Group reintroduced the retail business through various retail and distribution channels including third-party retail online platforms and distributorship/consignment by third-party retailers. In addition to selling third-party products, it also revitalised its proprietary brands "ARTINI" and "ASBENY" through its sales channels. Under this multi-channels, multi-products strategy, the Group further introduced elements of customisation and design and created a coherent business model which satisfies different purchase habits of different customers at different locations. The Directors believe that by allocating capital and expenses more deliberately and effectively, the Company is able to focus more on developing the Fashion Accessories Businesses and enable it to recapture a leading role in the market.

From the traditional CDM Sales Business and Retail and Distribution Business to the Integrated Fashion Accessories Platform Business

According to CIC, affected by the rapid development of e-commerce global wide, the fashion accessories business has been gradually moving from offline to online, which makes both the growth of wholesale and retail market of Fashion Accessories Business via online sales channel higher than that of the offline channel. The PRC domestic retail sales value of fashion accessories market via online channel increased from approximately RMB5.2 billion in 2014 to approximately RMB17.8 billion in 2018, representing a CAGR of approximately 36.0%. For wholesale market, the PRC's fashion accessories export value via B2B e-commerce platform increased from approximately RMB2.5 billion in 2014 to approximately RMB3.4 billion in 2018. representing a CAGR of approximately 8.0%.

Due to the change in business environments in retailing and shopping habits of customers, the Group gradually changed the business strategy and closed down its manufacturing facilities in late 2014, and closed down all of the physical shops in Hong Kong and the PRC in early 2014 and mid-2016 respectively to deal with the keen competition in Retail and Distribution Business. As a result of the diminishing traditional CDM Sales Business and Retail and Distribution Business, the operation staff of the Group's Fashion Accessories Businesses reduced from approximately 555 as at 31 March 2014 to five as at the date of Trading Suspension. During the same period, all the original management members of the Fashion Accessories Businesses, including all heads of factories and shop managers, left the Group. Since September 2016, the Group no longer operates any retail points and started to explore business opportunity to broadening its revenue sources, commenced the Software Businesses and also explored other business initiatives in the area of financial services and property business. Due to various reasons as detailed in the section headed "B. The Group's business before the Trading Suspension" in this circular, these initiatives were, however, not as successful as the Board had expected and did not bring satisfactory value to the Group and the Shareholders.

The Integrated Fashion Accessories Platform Business is an all-rounded business model reaching out to the widest range of customers, both in the PRC and internationally, and providing comprehensive products to them. The Group reintroduced the retail business through various retail and distribution channels including third-party retail online platforms such as the Platform A Shop and Platform B Shop, and distributorship/consignment by third-party retailers. In addition to selling third-party products, it also introduces its proprietary brands "ARTINI" and "ASBENY" through its sales channels.

As differentiated from the previous CDM Sales Business and the Retail and Distribution Business where the Group undertook the manufacturing itself and distribute its products through self-operated physical stores, under the business model of the Integrated Fashion Accessories Platform Business, the fashion accessories products are manufactured by third party manufacturers and distributed in retail points operated by the Group's strategic partners. The Company considers this business model the most beneficial to the Group as, among others, it requires less capital commitment, less overheads and promotes better liquidity, which were the major reasons for the unsatisfactory performance of the Group's CDM Sales Business and Retail and Distribution Business recorded in the past.

Set out below are the key differences between the traditional CDM Sales Business and Retail and Distribution Business and the revitalised Integrated Fashion Accessories Platform Business:

			Integrated Fashion Accessories Platform Business			
	Traditional CDM Sales Business	**Traditional Retail and Distribution Business**	**Online Wholesale Platforms**	**Third-party retail online platforms**	**Third party physical points of sale (by distribution or consignment)**	**Advantage of Integrated Fashion Accessories Platform Business**
Target customer	Offline overseas brand owners, wholesalers and retailers	Offline retail customers in the PRC, Macau and Hong Kong	Online global wholesalers, retails and trading companies	Online retail customers in the PRC	Offline retail customers in the PRC and Hong Kong	Reach out to the widest range of customers
Revenue base	Sale of self-manufactured products	Retail sale and distribution income	Online wholesale	Online retail sales	Retail sales by distributorship and consignment	Optimisation of revenue mix
Main purchase	Raw materials	Raw materials	Fashion accessories products	Fashion accessories products	Fashion accessories products (with Group's design and input)	Elimination of manufacturing costs and at the same time enjoys economics of scale by grouping demand from different channels
Main distribution channel	Global offline channels	Self-operated point of sales	Self-operated Online Wholesale Platforms	Third-party online platforms	Third party physical points of sale	Flexible combination of different sale channels
Inventory position	Turnover days of 90 days normally	Turnover days of 90 days normally	Turnover days of less than 40 days normally	Turnover days of less than 40 days normally	Turnover days of less than 40 days normally	Lower risks of slow-moving inventory and better liquidity for the Group
Capital investment	Heavy capital investment for manufacturing facilities	Heavy capital commitment to open and maintain self-operated physical points of sale	Minimal capital investment including technical development, personnel, marketing and inventory	Minimal capital investment including marketing and inventory	Minimal capital investment including marketing and inventory	Asset light with minimal capital investment

	Traditional CDM Sales Business	Traditional Retail and Distribution Business	Integrated Fashion Accessories Platform Business			Advantage of Integrated Fashion Accessories Platform Business
			Online Wholesale Platforms	Third-party retail online platforms	Third party physical points of sale (by distribution or consignment)	
Main product source	Self-manufactured products	Own-branded products	PRC suppliers	PRC suppliers (with Group's design and input) with or without Group's brands	PRC suppliers (with Group's design and input) with or without Group's brands	Both third-party and self-designed and/or own-branded products available
Product design	Internal design team	Internal design team	External and internal design teams taking into account customers' taste, purchasing habits and response	External and internal design teams taking into account customers' taste, purchasing habits and response	External and internal design teams taking into account customers' taste, purchasing habits and response	Synergies through centralised design and collaboration with external designers
Main marketing and promotion means	Exhibitions	Physical advertisements	Words of mouth, exhibitions and digital marketing	Digital marketing	Digital marketing, product listing, physical advertisements and publicity activities by key opinion leaders	Various modern means of marketing and promotion taking into accounting customers' taste, purchasing habits and response to enhance the popularity of the channels and brands
Branding of products	Non-branded	Own-branded	Non-branded and own-branded	Non-branded and own-branded	Own-branded	Maximisation of revenue through sale of non-branded or own-branded products in different channels

Note: Offline wholesale channels are complementary to the other three channels of the Integrated Fashion Accessories Platform Business and are not included herein for the purpose of comparison.

The Directors consider that an integrated fashion accessories platform is advantageous over the Group's original manufacturing – distribution – physical retail model due to, among others, the following reasons:

(i) A flexible combination of different sale channels for optimisation of its revenue mix

The Group no longer relies on one single channel which may be subject to risks of shifting customers buying habit (as in the past) and enjoys the benefits of promising growth potential of the fashion accessories industry.

(ii) Synergies through centralised design, quality control and marketing efforts

Built on a data base on customers' taste, purchasing habits and response, the Group gathers and centralises feedbacks from its customers in different channels to commission its design, sourcing, quality control and marketing activities.

(iii) Economies of scale from purchase

The Group benefits from the economies of scale by grouping the demand of fashion accessories products from its customers from different channels and placing bulk orders to its suppliers and manufacturers which results in higher bargaining power, more efficient inventory management and lower purchase prices.

(iv) Intermediary oriented marketplace model complimented with self-operation model

The Group's online platforms generally act as a connection between customers and suppliers by providing a marketplace (the intermediary oriented marketplace model) while at the same time procure some best-selling products (the self-operation model). The two models reinforce each other on the Online Wholesale Platforms, which connect selected sellers and buyers by providing a marketplace as well as procure some best-selling products. By utilising its information technology system, the Group has constant access to the suppliers' inventory level, and thus ensures the trade efficiency. Therefore, the Company has little upfront costs on inventory but has better control of its product quality and customer services and it also can respond swiftly to the changes in fashion trend.

(v) Advantages of online platforms over pure offline channels

According to CIC, the business model of online platforms has the following advantages as compared to traditional offline channels: (i) more innovative and modern ways of sourcing customers such as digital marketing; (ii) lower transaction costs and shorter turnovers; (iii) more stock keeping units; (iv) virtually unlimited variety of products; customers can place orders round the clock; (v) significantly lower start-up costs than traditional physical stores; (vi) accurate tracking of customers' preferences and purchase records; and (vii) no risk in relation to accessibility of physical stores.

As reported by CIC, by operating a multi-channel business model, the Company could attract a large customer base, domestically and internationally, to suit different taste and shopping habits, which in turn help the Company to increase market penetration. The all-rounded business model helps the Company to adapt promptly in the era of fast fashion and affordable luxury consumption trend.

Competitive Strengths

The Directors are confident that the revitalised Fashion Accessories Businesses would bring value to the Group and its Shareholders given the Group's existing competitive advantages as follow:

(i) The senior management members of the Group have substantial relevant experience in the fashion accessories industry

Mr. Tse Hoi Chau, the chairman of the Board, an executive Director and the chief executive officer of the Company, possesses more than 20 years' experience in the fashion ornament and jewellery wholesale industry. Mr. Lin Shao Hua, an executive Director, has over 20 years of experience in factory management and product development and has extensive experience in managing the manufacturing of jewellery. Ms. Yu Zhonglian, an executive Director, has more than 10 years' experience in retail and wholesale business. Mr. Zhang Xiaohua, the chief operating officer of the Company, has more than 22 years of experience in operating and managing companies that are in the fashion accessories retail industry. The Group also formed strong management teams in relation to different distribution channels of the Integrated Fashion Accessories Platform Business, including but not limited to, the joining of Mr. Zhang Xiaohua as the chief operating officer to lead the Online Wholesale Platforms, and the engagement of Ms. Li Jun, the former president of the retail division of the Group, as a consultant to lead the retail and distribution channels. For details, please refer to the paragraph headed "Directors and senior management" in this section.

With the strong team of Directors, senior management and consultants who have solid experience in the industry, the Directors are confident that the Group will be able to formulate a long-term and sustainable business development plan for its Integrated Fashion Accessories Platform Business.

(ii) The Group has a well-established customer base in the fashion accessories industry

Through years of operating the CDM Sales Business and the Retail and Distribution Business, the Group has established a wide and loyal customer base in the fashion accessories industry. These customers who have acquainted with the senior management members of the Group for a long time, would be very willing to purchase from the Group's Integrated Fashion Accessories Platform Business as they believed in the credibility of the Group's management and the reliable services that the Group has been providing to them over the years. The Group has entered into master purchase agreements with its major customers for the purposes of maintaining long-term relationships with them. For the typical terms of the master purchase agreements, please refer to the paragraph headed "(1) Online Wholesale Platforms — customers" in this section.

The management of the Group believed these customers would be a major income source of the Integrated Fashion Accessories Platform Business during its initial stage and would provide a quick return for the Group's investment.

(iii) The Group has gained recognitions and established reputation in the fashion accessories industry

In addition, through years of operating the CDM Sales Business and the Retail and Distribution Business, the Group has gained recognitions and established reputation in the fashion accessories industry and among customers. The proprietary brand of the Group, "ARTINI", was a popular and well-known brand of fashion accessories products in Hong Kong and the PRC. Over the years, the "ARTINI" brand became one of the earliest key fashion accessories brands in the PRC with good customers awareness. The Group would be able to establish solid and reliable business relationships with the industry players, including suppliers, of the Fashion Accessories Businesses quickly.

Therefore, the Directors believe that the time and costs required to establish and develop of the Integrated Fashion Accessories Platform Business would be relatively less than a new comer.

(iv) The Group has developed extensive technological capabilities and acquired a comprehensive online infrastructure through the Acquisition

The Group acquired Primeview Technology Limited in October 2016 and commenced its E-commerce Business. The Directors and the Group's management have gained experience and knowhows in managing e-commerce platform. With the technological capabilities developed since October 2016, the Group is able to manage the operation of the Online Wholesale Platforms and further enhance the features in order to attract customers and capture the business opportunities in this modern internet era.

Founded in June 2010 and January 2013 respectively, the original businesses of Viennois Hong Kong and Wei Ya Guangzhou were the operation of their respective online platforms, namely *www.viennois-online.com* and *cn.viennois-online.com*, which provide fashion jewellery products listing services (including marketing artwork design, photo-taking and listing of product information) to business customers in both the PRC and other regions who are mainly fashion accessories manufacturers. They also on-sell jewellery products from these manufacturers to wholesale customers upon receiving orders from the internet. The Directors believe that the two platforms were not able to achieve a significant scale prior to the Acquisition due to limited capital. However, they established a solid foundation, including the accumulated registered users of over 100,000 (of which 206 were active users who had transacted through the platforms in the last three months), mainly from the North America and Europe. Also, they have developed a viable business infrastructure, including a smooth operational flow and online order taking mechanism that can easily be scaled up with adequate capital support and enhanced credibility in front of customers.

Since the Acquisition, the Group has been putting additional resources and implementing measures to enhance the operations of the Online Wholesale Platforms which resulted in a significant boost in the revenue generated. For details, please refer to the section headed "(1) Online Whole Platforms — Competitive Strengths of the Online Wholesale Platforms" in this section.

The Directors believe that the Acquisition was a quick, efficient and cost-effective way to enable the Group to set up the Online Wholesale Platforms and acquire a set of well-established and comprehensive online infrastructure. This, combined with the technical knowhow gained through the acquisition of the E-commerce Business and the Group's extensive experience and connections in the fashion accessories industry, has enabled the Group to quickly enter into and establish a solid foundation for the Integrated Fashion Accessories Platform Business.

(v) Design capability

The Group has set up its own design team and engaged manufacturers for the production of its own-branded fashion accessories products. As of 31 May 2019, the Group has formed a design team of five full-time designers and five external designers and cooperated with seven manufacturers for the manufacturing of own-branded fashion accessories products.

The Group's own-branded fashion accessories products are designed by the Group's in-house designers in the design department and, to a lesser extent, the external designers. The Group's design team members on average have more than seven years of experience in jewellery design. These designers have relevant working experiences in the jewellery or design fields and some of them possessed academic degree in jewellery and/or design.

With a strong design team on board, the Group would be able to keep up to the market trend and deliver popular designs for own-branded fashion accessories products.

Business Strategies

As reported by CIC, the current fashion accessories market in the PRC is fragmented and there is no dominated local player, yet demand for products in the segment, particularly the affordable luxury fashion accessories selling through integrated online/offline platforms, is promising. The Directors are of the view that (i) the Group's experience and network in the fashion accessories industry in Hong Kong and the PRC; and (ii) its capability and knowhow developed in the e-commerce and online platform in recent years, have positioned the Group well to capture the opportunity.

The Group's goal is to grow into one of the leading fashion accessories players in the PRC with a focus on the affordable luxury segment through the continual development of its Integrated Fashion Accessories Platform Business.

To achieve its goal, the Group planned to implement the following strategies:

(i) Continue to implement an integrated business model

By leveraging on the Group's reputation in the industry, its experience in e-commerce and the design and data management capability it is building up, the Group will continue to develop the various online and offline distribution channels. The integrated business model is an all-rounded business model which can reach the widest range of customers and provide comprehensive services to them. By allocating capital and expenses more deliberately and effectively, the Company will focus more on its capabilities that can create differentiation and enable it to recapture a leading role in the market.

(ii) Continue to enlarge the active users base and transactions of the Online Wholesale Platforms

By enhancing shopping experience of customers on the Online Wholesale Platforms as more detailed in the paragraph headed "New features on the Online Wholesale Platforms" in this section, a wider customers' base will be created for the Online Wholesale Platforms.

(iii) Continue to develop the retail and distribution channels and to promote and market its proprietary brand "ARTINI"

Riding on the new trend of affordable luxury, the Group will continue to remodel the retail arm of the Integrated Fashion Accessories Platform Business by retail and distribution channels which would include third-party retail online platforms such as the Platform A Shop and Platform B Shop, and distribution/consignment by retailers. As its flagship brand, "ARTINI" branded products will be sold in the retail and distribution channels targeting the affordable luxury market among mid-upper class retail customers.

(iv) Continue to develop its retail capability in the third party retail online platforms

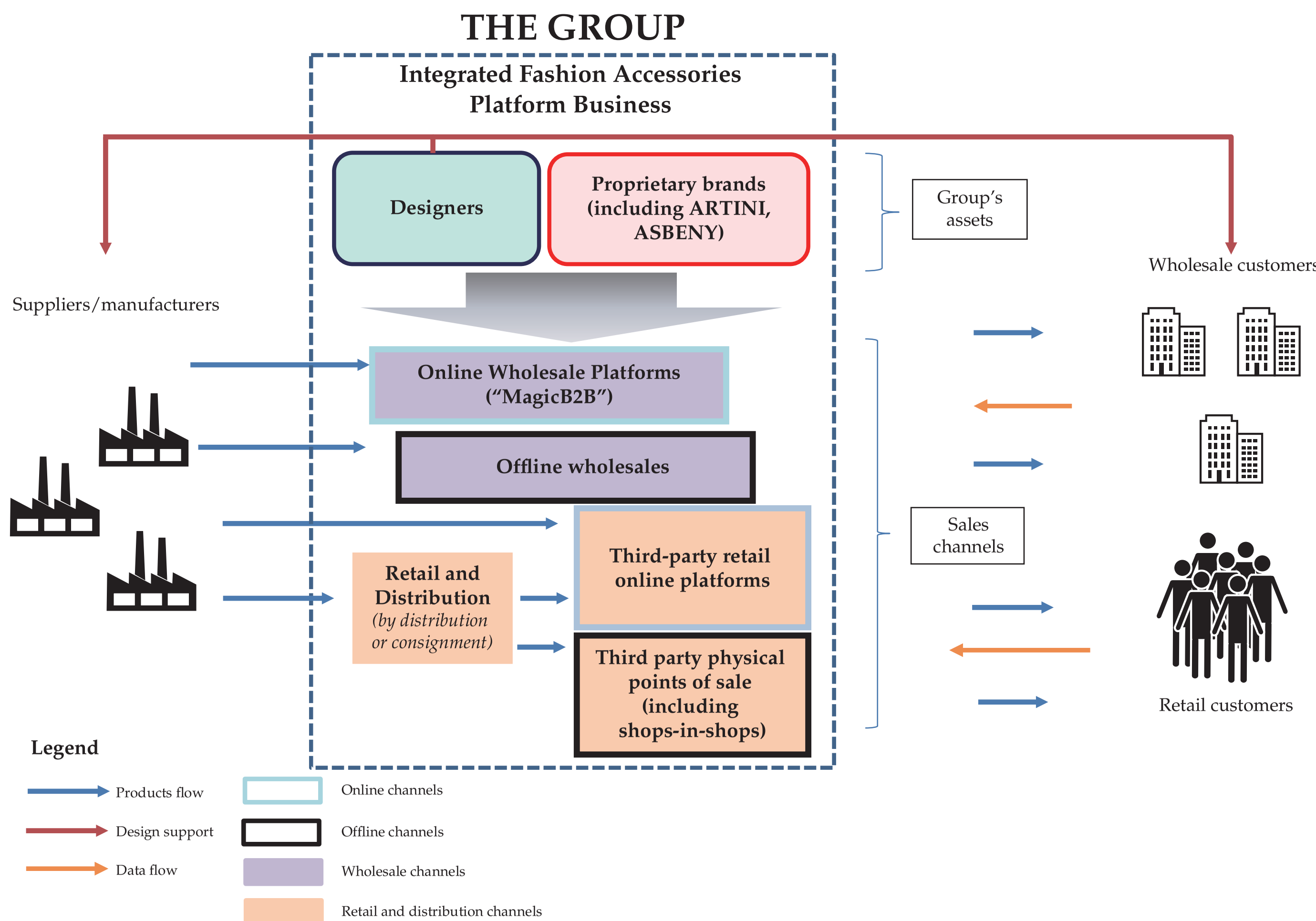
The Company believes opening retail online shops in well-established third-party online platforms is a cost effective way to expand its retail network. Moving forward, the Group will continue to operate its Platform A Shop and Platform B Shop, and at the same time explore the feasibility of opening online shops on other prominent retail online platforms.

(v) Continue to strengthen its design capability

In light of the distributorship and consignment agreements signed so far, the Company believes its retail and distribution channels will continue to expand and the Group's design capability will be crucial to the Group to keep up to the market trend and deliver popular designs for own-branded fashion accessories products.

Business Model

The following diagram illustrates the business model of the Integrated Fashion Accessories Platform Business.



The Integrated Fashion Accessories Platform Business

As of the Latest Practicable Date, the Group's Integrated Fashion Accessories Platform Business mainly comprised the following channels:

(1) Online Wholesale Platforms for global wholesale customers;

(2) Retail and distribution – (i) third-party retail online platforms for retail customers in the PRC; and (ii) third party physical points of sale (including shops-in-shops) by authorised distributors and consignees in the PRC and Hong Kong; and

(3) Offline wholesale channels for global wholesale customers.

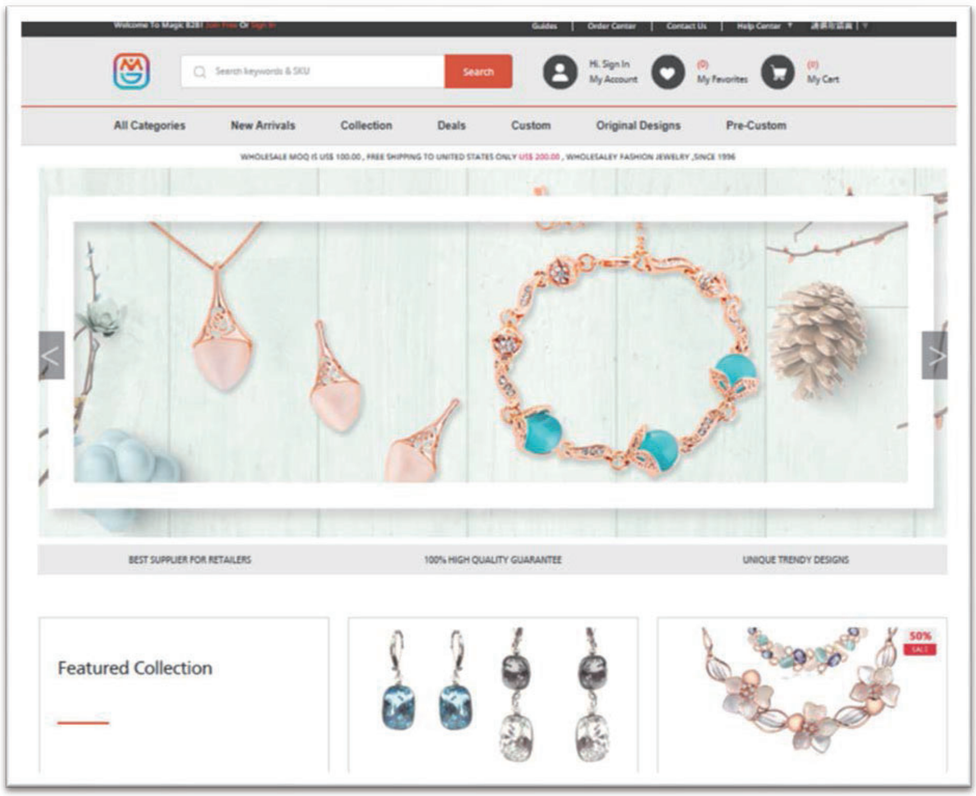
The Group's Integrated Fashion Accessories Platform Business is built upon, among others, the Group's growing proprietary design capability and its proprietary brands (including ARTINI and ASBENY). The Group also makes use of its online and offline infrastructure, its quality control capability and the data collected through its platforms covering both the PRC and international markets to maximise the development potential of the Integrated Fashion Accessories Platform Business. To cater for the evolving shopping habits of different customers, the Integrated Fashion Accessories Platform Business is focusing on customisation, order flexibility and product variety. As of 31 May 2019, the Group's Integrated Fashion Accessories Platform Business offers over 20,000 SKUs to over 3,700 active customers from its wholesale channels, three distributors/consignees from its retail and distribution channels, and over 11,000 customers from the Platform A Shop (as reported by the Platform A).

(1) Online Wholesale Platforms

Background

Through the Acquisition, the Group acquired the online platforms of Viennois Hong Kong and Wei Ya Guangzhou and the relevant internet infrastructure for operating the Online Wholesale Platforms. With the technical experience developed and accumulated through its E-commerce Business, the Group operated these online platforms at the early stage of the Integrated Fashion Accessories Platform Business and decided to consolidate these online platforms by migrating them to the brand-new self-owned online platform, namely *magicb2b.com* by utilising the internet infrastructure acquired.

The following photo shows a general overview of the Online Wholesale Platforms:



The Group analyses customer data such as their shopping patterns and their voluntary feedbacks on the Online Wholesale Platforms, in order to (i) understand the preferences of individual customers; (ii) the overall market trend of the fashion accessories industry; and (iii) the popularity of various fashion accessories products. The Group would commission its design, quality control and marketing activities based on the data collected.

As at 31 May 2019, there were over 3,700 active online customers and 23 suppliers on the Online Wholesale Platforms. For "active", the Group defines those users who have transacted through the platforms in the last three months. Monthly transaction value through the Online Wholesale Platforms increased from approximately HK$14.0 million in April 2018 to approximately HK$22.8 million in May 2019.

The following table illustrates the operating statistics for Online Wholesale Platforms:

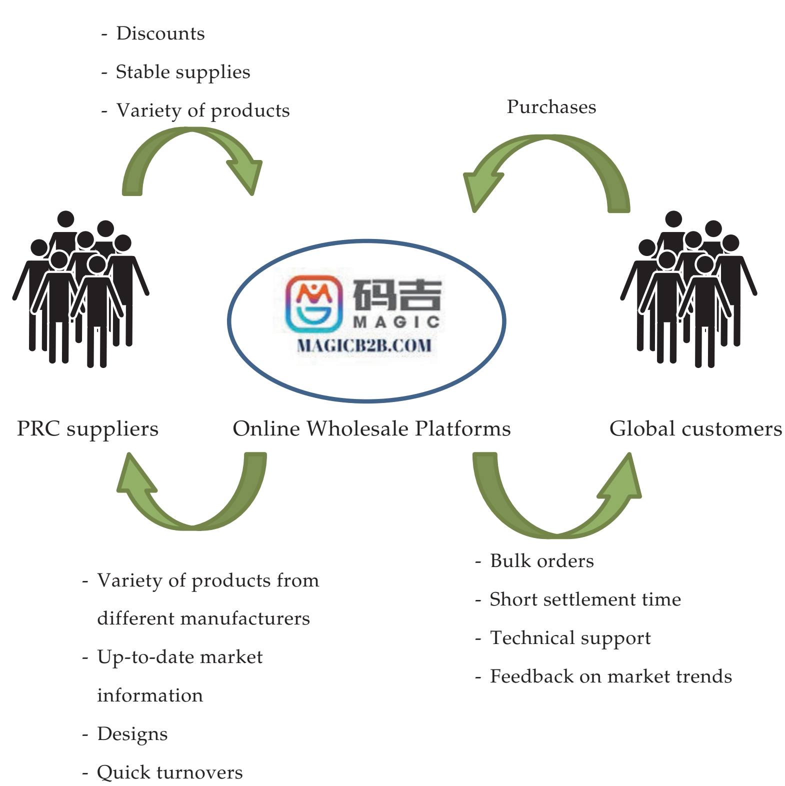
	At Acquisition	April 2018	May 2019 (% increase from April 2018)	
Number of active customers [Note]	206	336	3,762	1,019.6%
Number of suppliers	13	20	23	15.0%
Number of SKUs	11,377	14,660	20,374	39.0%
Number of monthly transactions	125	147	1,267	761.9%
Monthly transaction value *(HK$'000)*	5,162	13,980	22,835	63.3%

Note: for "active", the Group defines those users who have transacted through the platforms in the last three months

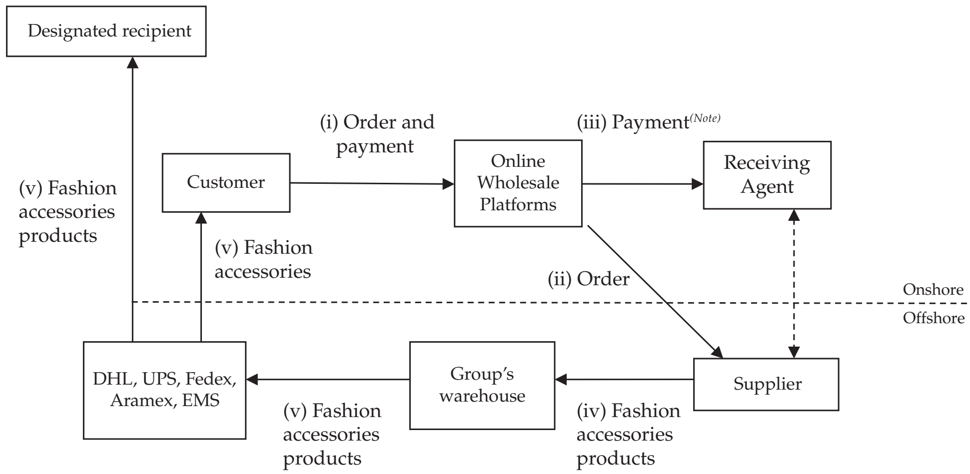
The Directors believe the growth in monthly transaction value was the result of the Group's continual efforts in promoting the popularity of the Online Wholesale Platforms. The significant growth in monthly transactions was generally in line with the growth of number of active customers, with its sales mainly coming from the United States, Russia and Europe.

Business model of the Online Wholesale Platforms

The following diagram illustrates the Group's Online Wholesale Platforms model:



The following diagram illustrates the business flow of, and services provided by the Group through the Online Wholesale Platforms:



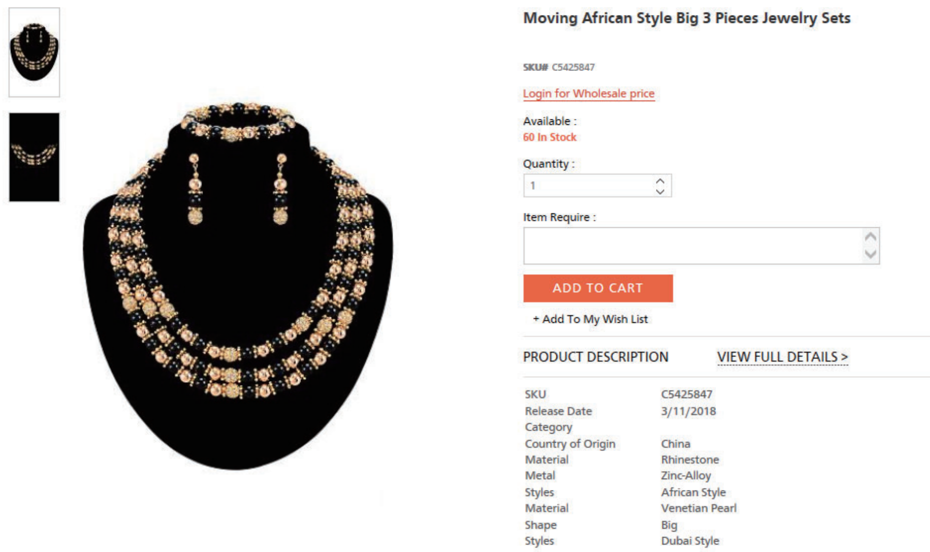
Note: Copy of the order is also provided to the receiving agent for reference.

(i) Order and payment by customer on the Online Wholesale Platforms

To make a purchase on the Online Wholesale Platforms, a first-time customer will need to register as a member on the Online Wholesale Platforms, which is free. Once a customer becomes a member and has a registered account, he or she can check out and make online payments. The registered customers can easily access their preferred checkout options (including delivery addresses) after logging onto their accounts, which provides greater convenience for the customers and encourages repeated purchases.

The Online Wholesale Platforms feature detailed product information such as brief product descriptions, picture illustrations, product measurement, material and country of origin, which assist the customers in product selection and improve their shopping experience. The Group does not provide brand name of the fashion accessories products or manufacturer's information on the Online Wholesale Platforms in order to avoid direct interaction between the suppliers and the customers.

The following photo illustrates the typical product information shown on the Online Wholesale Platforms:



The Online Wholesale Platforms also offer user-friendly browsing modes (such as by product categories) that allow customers to quickly find the products that meet their needs from the broad selection of fashion accessories products. There are also separate columns for new arrival items, discounted items and classic collection series, in order to enhance customers' shopping experience and boost sales for the Group.

In order to focus on business customers which is in line with the strategy of the Company, the minimum purchase amount of each order is US$100. The Online Wholesale Platforms offer online payment channels including PayPal and by credit cards. Customers may also choose to pay by bank to bank wire transfers or via Western Union. In that case, the customer will need to notify the Group of the payment and the Group will confirm the order only after the payment is verified.

(ii) Order goods from supplier

Upon receipt of an order from registered customers on the Online Wholesale Platforms, the Group's procurement team would check the inventory in the Group's warehouse in Guangzhou to see if the ordered items are available. In addition, the Group will balance the benefit of maintaining inventory of popular items at its warehouse in order to provide timely delivery to the customers and the risks of obsolete and slow-moving inventory. This will in the long-term maintain the competitiveness of the Online Wholesale Platforms. The Group analyses customer data such as their shopping patterns and their voluntary feedbacks on the Online Wholesale Platforms, in order to (i) understand the preferences of individual customers; (ii) the overall market trend of the fashion accessories industry; and (iii) the popularity of various fashion accessories products.

By utilising the customer data from the Online Wholesale Platforms, the Group is able to shortlist popular fashion accessories products and maintain a suitable level of inventory for these items at its warehouse in Guangzhou. Without needing to wait for the delivery of products from suppliers, the Group could shorten the delivery time of popular items for customers.

If there is not sufficient stock in the Group's warehouse, the procurement team would order the required items from the suppliers. The customer relationship team will then be able to provide an estimated delivery time to the relevant customer based on the expected delivery time provided by the supplier.

For details of the Group's inventory control, please refer to the paragraph headed "Inventory control" in this section.

(iii) Payment to the supplier's receiving agent

The suppliers typically appoint receiving agents in Hong Kong for the purposes of receiving payments from the Group. The Group would provide a copy of the order at the time of payment to the receiving agent for its reference. Upon payment by the Group, the receiving agent would inform the relevant supplier. The credit period offered by the suppliers is typically 30 days.

(iv) Delivery by the supplier to the Group's warehouse

Upon receipt of an order from the Group, the supplier would arrange delivery of the products, typically by ground transport, to the Group's warehouse in Guangzhou. The typical lead time for delivery is 7 to 15 days.

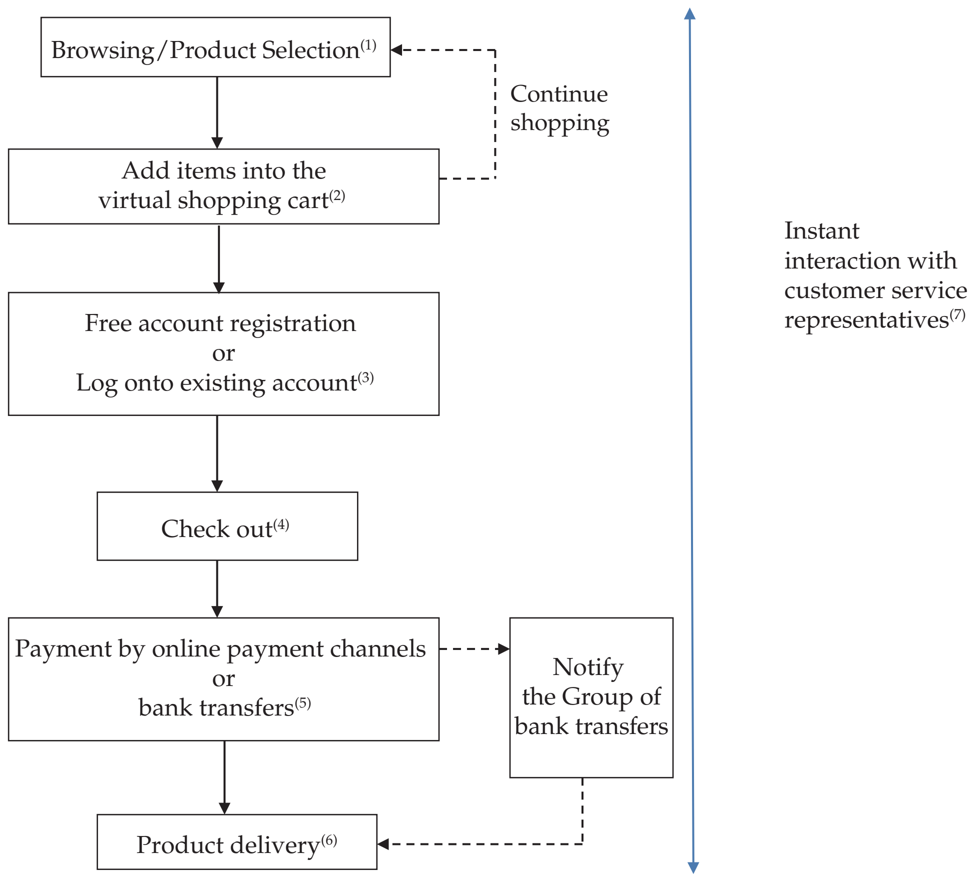
(v) Delivery by the Group to the customer or the designated recipient

Once the products arrived at the warehouse of the Group in Guangzhou (or in the case that there is available stock for the ordered items in the warehouse, once receiving an order from registered customers on the Online Wholesale Platforms), the Group would arrange delivery of the products to the customer's address, or the customer's designated recipient's address, by third party delivery agents. Depending on the delivery method and the location of the delivery address, the estimated lead time ranges from 5 to 15 days.

Customers can check the delivery status of their ordered items from the tracking information provided on the Online Wholesale Platforms.

Process of purchase

The following diagram illustrates the typical process of purchases on the Online Wholesale Platforms:



Notes:

1. The customer finds the products that meet his/her needs.

2. The customer adds selected items into the virtual shopping cart, continues browsing or proceeds to check out.

3. Before the customer can check out his/her order, he/she will have to log onto his/her account (a first-time customer will need to register as a member on the Online Wholesale Platforms, which is free).

4. The customer checks the order, adds or deletes items in the virtual shopping cart if needed, confirms the order, enters delivery address information and selects a delivery method and such transportation costs will be added to the customer's shopping order.

5. The customer makes payment through online payment channels, or through bank transfers. In the latter case, the customer will need to inform the Group once payment is done.

6. The Group arranges delivery of the purchased items to the delivery address.

7. Throughout the whole shopping experience from browsing/product selection until product delivery, the customer could contact the Group's customer service representatives via the instant communication tools on the Online Wholesale Platforms in order to customise their orders and receive assistance in relation to purchase, packaging, delivery, payment, etc.

New features on the Online Wholesale Platforms

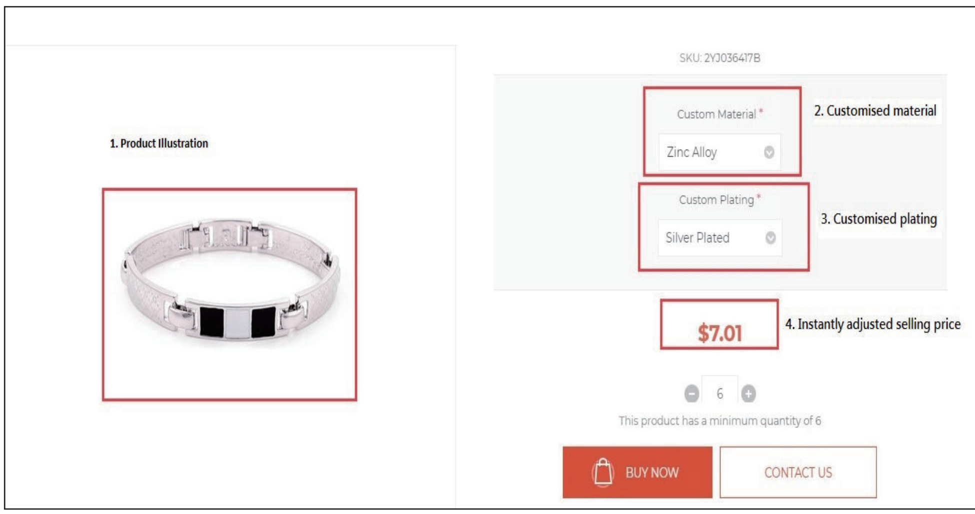
In June 2018, the Group engaged a third-party website development consultant to improve the operation of the Online Wholesale Platforms and to provide consultancy services to the Group in relation to website maintenance. The Group also set up the online platform servicing team with employees who are specialised in network engineering and website design respectively for implementing improvements and providing better maintenance to the Online Wholesale Platforms. The Company believes that the recruitment of talents in network engineering and website design would enable the Group to further increase the attractiveness of the Online Wholesale Platforms and enhance the customers' shopping experience.

With assistance of the website development consultant and the introduction of network engineering and website design talents, enhanced features and functions were introduced to the Online Platforms. Enhanced features and function include:

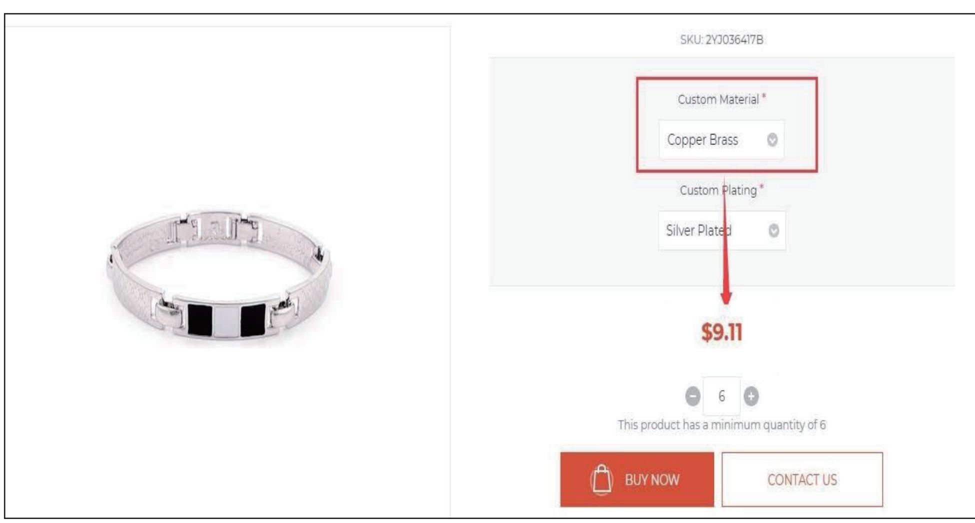
- Registered customers are now able to visualise the appearance of the selected fashion accessories products on the Online Wholesale Platforms by changing colours and components available on the preview page. This customisation function would enable the Online Wholesale Platforms to satisfy the need of a large variety of customers with different tastes and requirements.

- The selling price of the products chosen would adjust correspondingly and instantly according to the customised product features specified by the registered customer. This can allow users to consider the budget and to elevate the level of convenience, and the Group would be able to manage customers' expectation during the shopping process and also to improve their confidence.

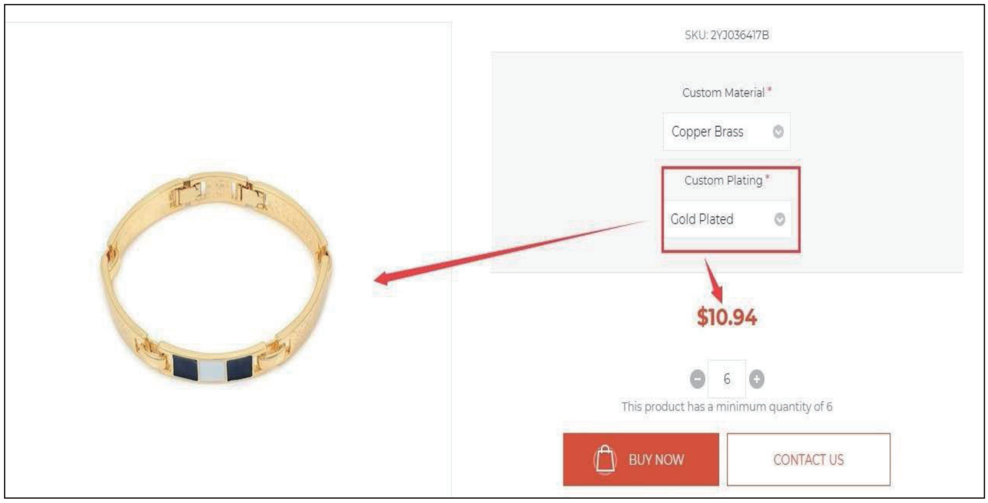
The following pictures illustrate the aforesaid product customisation function on the Online Wholesale Platforms:



Registered customer could view the appearance, details and selling price of the selected product.



Upon customisation of the product by the registered customer, the selling price of the product is adjusted correspondingly and instantly.



The appearance of the product shown is also changed according to the customisation by the registered customer.

The Directors believe that the new features and functions to the Online Wholesale Platforms would maximise its strengths as an online sale channel in terms of variety of products offered and convenience to customers and in turn encourages customers to make more purchases and boost online sales of the Integrated Fashion Accessories Platform Business.

On top of the distribution of fashion accessories designed and manufactured by third parties, in August 2018, the Group has commenced the sale of the "ASBENY" branded products.

The "ASBENY" line

The Group mainly sells fashion accessories products without brands on the Online Wholesale Platforms. In August 2018, the Group has commenced the sale of its "ASBENY" branded fashion accessories products on the Online Wholesale Platforms.

To the best knowledge of the Directors having made all reasonable enquiries, "ASBENY" is a brand originated from Italy over 50 years ago which mainly comprised leather products. After acquisition of the trademark, the Group has registered the ASBENY Mark for classes 14 (precious metals and their alloys; jewellery, precious and semi-precious stones; horological and chronometric instruments) and 18 (leather and imitations of leather, animal skins and hides; luggage and carrying bags; umbrellas and parasols; walking sticks; whips, harness and saddlery; collars, leashes and clothing for animals) in Hong Kong; and for class 14 (rings (accessories); accessories boxes; bracelets (accessories); necklaces (accessories); chest pins (accessories); precious metals art pieces and their alloys; artificial jewellery; earrings; watches) in the PRC.

The Group considers "ASBENY" a popular brand which is suitable to be introduced as a unique line of fashion accessories products in the wholesale channels of the Group. Depending on the response on the Online Wholesale Products, the Group may also sell "ASBENY" branded fashion accessories products in other channels such as the third-party retail online platforms.

Business strategies and future prospects of the Online Wholesale Platforms

The Online Wholesale Platforms are the key distribution channel in the Integrated Fashion Accessories Platform Business. The Group planned to implement the following strategies to further develop the Online Wholesale Platforms:

(i) Continue to create value for the suppliers and customers

Through the Online Wholesale Platforms, suppliers get bulk orders from the Group together with relevant technical support (on designs and manufacturing) and feedback on market trend which the Group acquired by analysing shopping patterns on the Online Wholesale Platforms. The Group also offers short settlement time to the suppliers which is typically within 30 days. In return, the suppliers often offer discounts on a wide variety of products to online customers. Through the process, the Group also benefits from stable supplies from suppliers.

On the customer's side, global customers have access to the Online Wholesale Platforms to make purchases, where the Group offers a variety of products from different manufacturers, up-to-date market information (including the recent trends), different designs, quick turnover time for orders, reliability, quality assurance and logistic services. Also, the customers would be made available to virtually unlimited range of products from different suppliers at the centralised Online Wholesale Platforms. Both suppliers and customers would also benefit from saving of time and costs required for matching the products available from the suppliers to the target customers.

The Group will continue this strategy to create value for both the suppliers and the customers to sustain the continual growth of the Online Wholesale Platforms.

(ii) Enhance the customisation function of the Online Wholesale Platforms and enlarge the active users base and transactions of the Online Wholesale Platforms

The Group plans to enhance the customisation function of the Online Wholesale Platforms by introducing more options on the website for registered customers to adjust and modify the features of their desired fashion accessories products. The customisation function will multiply the product numbers and would enable the Online Wholesale Platforms to satisfy the need of a large variety of customers with different tastes and requirements.

By enhancing shopping experience of customers on the Online Wholesale Platforms, a wider customers' base will be created for the Online Wholesale Platforms.

(iii) Provide timely delivery to the customers while at the same time maintain a relatively low inventory level

The Directors believe the short delivery time and timely response to relatively small-sized orders are essential to the satisfaction of small to middle sized business customers of the Online Wholesale Platforms.

By utilising the customer data from the Online Wholesale Platforms, the Group is able to shortlist popular fashion accessories products and maintain a suitable level of inventory for these items at its warehouse in Guangzhou. Without needing to wait for the delivery of products from suppliers, the Group could shorten the delivery time of popular items for customers. The Group will balance the benefit of maintaining inventory of popular items at its warehouse in order to provide timely delivery to the customers and the risks of obsolete and slow-moving inventory. This will in the long-term maintain the competitiveness of the Online Wholesale Platforms.

(iv) Enhance the popularity of its "ASBENY" branded products

In about August 2018, the Group has commenced the sale of the products from its "ASBENY" branded fashion accessories products on the Online Wholesale Platforms. The Directors believe this will on one hand maximise the intrinsic value of the ASBENY Mark and on the other hand establish the Group's industry status through the penetration of its brand in the wholesale market. The Group will keep developing this line of proprietary brand and seek to sell "ASBENY" branded products in other distribution channels once its popularity is established.

Competitive strengths of the Online Wholesale Platforms

Targeting on wholesale customers, the Online Wholesale Platforms serve as a vertical platform connecting upstream suppliers in the PRC to downstream business customers over the world.

The Directors consider the follow competitive strengths of the Group will enable it to achieve the strategies of the Online Wholesale Platforms:

(i) The Group has a well-established customer base in the fashion accessories industry

Through years of operating the CDM Sales Business and the Retail and Distribution Business, the Group has established a wide and loyal customer base in the fashion accessories industry. These customers who have acquainted with the senior management members of the Group for a long time, would be very willing to purchase from the Group's Integrated Fashion Accessories Platform Business as they believed in the credibility of the Group's management and the reliable services that the Group has been providing to them over the years. The Group has entered into master purchase agreements with its major customers for the purposes of maintaining long-term relationships with them. For the typical terms of the master purchase agreements, please refer to the paragraph headed "(1) Online Wholesale Platforms — customers" in this section.

(ii) The Group has developed extensive technological capabilities

The Group acquired Primeview Technology Limited in October 2016 and commenced its E-commerce Business. The Directors and the Group's management have gained experience and knowhows in managing e-commerce platform from the E-commerce Business, in particular, the newly recruited technical staff members were able to acquire valuable technological capabilities through their participation in the operation of the E-commerce Business. With the technological capabilities developed over the past two years, the Group is able to manage the operation of the Online Wholesale Platforms and further enhance the features in order to attract customers and capture the business opportunities in this modern internet era.

(iii) Comprehensive online infrastructure was acquired through the Acquisition

Founded in June 2010, the original businesses of Viennois Hong Kong and Wei Ya Guangzhou were the operation of their respective online platforms, namely *www.viennois-online.com* and *cn.viennois-online.com*, which provide fashion jewellery products listing services (including marketing artwork design, photo-taking and listing of product information) to business customers in both the PRC and other regions who are mainly fashion accessories manufacturers. They also on-sell jewellery products from these manufacturers to wholesale customers upon receiving orders from the internet. The Directors believe that the two platforms were not able to achieve a significant scale prior to the Acquisition due to limited capital. However, they established a solid foundation, including the accumulated registered users of over 100,000 (of which 206 were active users who had transacted through the platforms in the last three months), mainly from the North America and Europe. Also, they have developed a viable business infrastructure, including a smooth operational flow and online order taking mechanism that can easily be scaled up with adequate capital support and enhanced credibility in front of customers.

Since the Acquisition, the Group has been putting additional resources and implementing measures to enhance the operations of the Online Wholesale Platforms which resulted in a significant boost in the revenue generated.

These measures include:

(a) The management of the Group has kept contact with the existing customers of its Fashion Accessories Businesses who were loyal and retained by the Group through years of operation of the CDM Sales Business and the Retail and Distribution Business. These customers have acquainted with the senior management members of the Group for a long time and have constantly sought business opportunities with the Group with a view to purchasing fashion accessories from the Group even before the completion of the Acquisition in November 2017. They started purchasing in large quantities from the Online Wholesale Platforms and became major customers of the Integrated Fashion Accessories Platform Business which resulted in the rapid improvements of revenues generated from the Online Wholesale Platforms shortly after the completion of the Acquisition.

(b) The Group allocated resources of technical staff from its Software Businesses to form a technical team for the maintenance and technological improvement of the Online Wholesale Platforms.

(c) The Group dedicated its marketing staff to market and promote the Online Wholesale Platforms by digital marketing which increased the popularity of the Online Wholesale Platforms.

(d) The product listing and presentation on the Online Wholesale Platforms were updated to improve customers' shopping experience.

(e) The Group constructed a comprehensive suppliers' list leveraged on the senior management's experience and connection in the fashion accessories industry in order to ensure stable and quality products of great variety are available for its customers on the Online Wholesale Platforms.

(f) The Group introduced additional features and function onto the Online Wholesale Platforms, with a view to further enhancing user experience and promoting transaction volume. For details, please refer to the paragraph headed "New features on the Online Wholesale Platforms" in this section.

By the abovementioned measures, the Group successfully increased the scale of business of the acquired online platforms shortly after the Acquisition. For the years ended 31 March 2016 and 2017, the audited revenue of Viennois Hong Kong and Wei Ya Guangzhou (as disclosed in the announcement of the Company dated 18 October 2017) was HK$4.2 million and HK$3.2 million respectively, while after the Acquisition, for the five months ended 31 March 2018 and the year ended 31 March 2019, the revenue of the Online Wholesale Platforms was HK$49.5 million and HK$230.0 million respectively.

The significant increase in revenue after the Acquisition was mainly attributable to the Group's continual efforts in improving the interface and services of the online platforms, and promoting the popularity of the Online Wholesale Platforms. Overall, the Directors believe that the Acquisition was a quick, efficient and cost-effective way to enable the Group to set up the Online Wholesale Platforms and acquire a set of well-established and comprehensive online infrastructure. This, combined with the technical knowhow gained through the acquisition of the E-commerce Business and the Group's extensive experience and connections in the fashion accessories industry, has enabled the Group to quickly enter into and establish a solid foundation for the Integrated Fashion Accessories Platform Business.

(iv) The Online Wholesale Platforms offer a wide variety of products (including exclusive products) and has a well-developed suppliers network

As of May 2019, more than 20,000 SKUs has been offered by the Online Wholesale Platforms to its customers, and more than 270 exclusive SKUs were supplied to the Group which were not provided to other similar online platforms. It is the intention of the Directors that the Group will further enhance its product variety and, through its in-house designers and external designers, launch more new products from time to time (which are to be manufactured by the Group's suppliers). As confirmed by CIC, a large number of SKU means a wide choice for customers and is essential for fashion accessories industry. In terms of the number of SKU, the Group is one of the top three amongst vertical B2B e-commerce platforms.

As at 31 May 2019, the Group engaged 23 suppliers on the Online Wholesale Platforms. As understood from the suppliers, they offer favourable terms to the Group (in particular, in terms of purchase price) as compared to those offered to other online platforms, and most of the products they supply to the Group are manufactured by themselves rather than procured from other manufacturers or resellers. In addition, through the co-operation of the Group's design team with the manufacturers to manufacture the Group's self-designed fashion accessories products, the Group is able to offer exclusive products on the Online Wholesale Platforms at a relatively low cost (as compared to those procured from suppliers such as resellers). The Directors believe that, by purchasing products directly from manufacturers, the Online Wholesale Platforms are able to offer more competitive price to the customers and at the same time maintain a relatively high profit margin.

(v) The Group has an established procurement team

The Directors consider the sourcing capabilities and ability to keep abreast of market trends and continually introduce new and improved products are key to the Group's success. The Group has an established procurement team which aims to identify and adapt to changing consumers' tastes and preferences in order to meet the demands of discerning customers. Its procurement team monitors market trends from time to time and communicates with suppliers regularly to identify new products and improve the diversity of its product offering. Also, the Group collects customers' behavioral data (including browsing history, time-on-page, shopping cart data etc.) from the Online Wholesale Platforms, and other publicly available data (including top selling items) from other similar online platforms, for conducting analysis on customers' preference and future market trend. The marketing team also provides new designs and next season's products to their major customers for preview, and shares with them the product development direction for feedbacks and reviews.

The above facts-based analysis of the market demands, coupled with the leadership of our senior management members (including Mr. Tse Hoi Chau, and Mr. Zhang Xiaohua) who have extensive experience and network in the industry, as well as in-depth knowledge of the industry and the customers demand, the procurement team of the Group is able to analyse and develop its own procurement strategy according to the future trend of the fashion accessories in terms of selection of raw materials, styles, and market demands. For details of the experience of our senior management members, please refer to the paragraph headed "Directors and senior management" in this section. The Directors believe that the sourcing capabilities of the Group allow the Online Wholesale Platforms to effectively adjust and improve the product portfolio to meet market demands.

The Directors consider the performance of the Online Wholesale Platforms will be sustainable due to the following reasons:-

(a) As advised by CIC, the market size of fashion accessories products via B2B online platforms in terms of GMV in the PRC was approximately RMB22.4 billion in 2018. During the same period, the sales amount on the Online Wholesale Platforms was approximately RMB0.16 billion. Such amount of sales represents only approximately 0.7% of the total market size. Thus, despite a fragmented market, the sales achieved by the Group do not represent a significant market share for the whole market, which itself is expected to grow rapidly in the coming few years.

(b) Since the industry is highly fragmented, the Directors consider that the quality of similar online platforms varies significantly and are confident that the Online Wholesale Platforms offer more competitive services and user experience which would make them stand out when compared with other industry players. By leveraging on its competitive strengths as mentioned above the Directors envisage that the Online Wholesale Platforms would continue to grow and expand its market shares. Since the market size is significantly larger than the current scale of operation of the Online Wholesale Platforms, the Directors believe that the growth of the Online Wholesale Platforms will be relatively significant if the Group is able to capture additional market shares from the weaker competitors.

Customers

In order to strengthen the business relationships with the major customers, the Group offers them (i) credit terms of 30 days; and (ii) the best available discounts on the Online Wholesale Platforms. The Group has entered into master purchase agreements with some of the major customers where, among other things, the customers would make committed purchase amounts from the Online Wholesale Platforms. The typical terms of the master purchase agreements are set out below:

Purchase:	Committed total purchase amount within a specified period which shall be placed by multiple orders on the Online Wholesale Platforms
Delivery time:	Within 2 working days if stock is available and within 3 weeks if otherwise
Quality assurance:	If the goods have been damaged upon delivery, the customer may refuse to accept the goods and inform the Group. If the customer does not make any complaints on the packaging upon the receipt of the goods, the packaging of the goods will be considered as in good condition. The customer will check the quality of the goods upon the receipt of the goods. If there is no damage on the packaging yet the quality of the goods is in doubt, the customer may notify the Group in time.

The Directors believe the master purchase agreements could form a solid foundation for supporting a sustainable operation of the Company in the coming two years.

In order to diversify its income source in the long run, the Group has made efforts (including the improvement of the Online Wholesale Platforms as mentioned above) to attract new customers and widen the customer base of the Online Wholesale Platforms.

The following sets forth the unaudited operating results of the Online Wholesale Platforms for the year ended 31 March 2019:

	Three months ended June 2018	**Three months ended September 2018**	**Three months ended December 2018**	**Three months ended March 2019**
Sales on the Online Wholesale Platforms (total) *(HK$'000)*	38,181	60,299	63,474	68,032
Quarter-to-quarter growth *(%)*	–	57.9	5.3	7.2
Number of orders	750	3,325	4,506	3,616
Average transaction amount per order *(HK$)*	50,908	18,135	14,087	18,814
ADAU *(Note 2)*	6,800	19,367	24,500	25,100
ADPV *(Note 3)*	46,000	62,667	75,667	105,000

Notes:

1. ADAU refers to the average number of visits with a specific internet protocol address per day to the Online Wholesale Platforms for the relevant period.

2. ADPV refers to the number of visits per day to the Online Wholesale Platforms for the relevant period.

As shown from the table above, based on the unaudited operation figures, the number of orders placed on the Online Wholesale Platforms increased significantly from 750 during the three months ended June 2018 to 3,325 during the three months ended September 2018, which remained at high levels of 4,500 and 3,616 during the three months ended December 2018 and March 2019 respectively; while the average transaction amount per order decreased from approximately HK$50,900 during the three months ended September 2018 to approximately HK$18,800 during the three months ended March 2019. This shows that the Online Wholesale Platforms are receiving orders from a wider range of customers while bulk orders from major customers are proportionally reduced. Furthermore, as evidenced by the stable increase of ADAU and ADPV, the Online Wholesale Platforms have attracted more visitors and their potential customer base has widened.

The Group will continue to offer more variety of fashion accessories products and improve the features and functions of the Online Wholesale Platforms in order to attract a wider range of customers.

Suppliers

As of the Latest Practicable Date, the Company has entered into long-term framework agreements with 24 suppliers. The major terms of the framework agreements are set out below:

Term:	The period from the date of the agreement until 31 March of the current year and renewable upon mutual agreement for one calendar year.
Supply of products:	The supplier provides all relevant product information to the Group including not limited to new product development, inventory level, material of products, quality verification report, lowest selling price and minimum operating quantity.
Intellectual property:	The supplier authorises the Group to use its brands for use in the Online Wholesale Platforms if required.
Promotion on Online Wholesale Platforms:	The Group shall use its best endeavours to market the products of the supplier with a view to boost sales of the same on the Online Wholesale Platforms.

The Board believes the framework agreements would enhance the business relationship of the Group with its suppliers and secure long-term and stable supplies of products to be sold on the Online Wholesale Platforms.

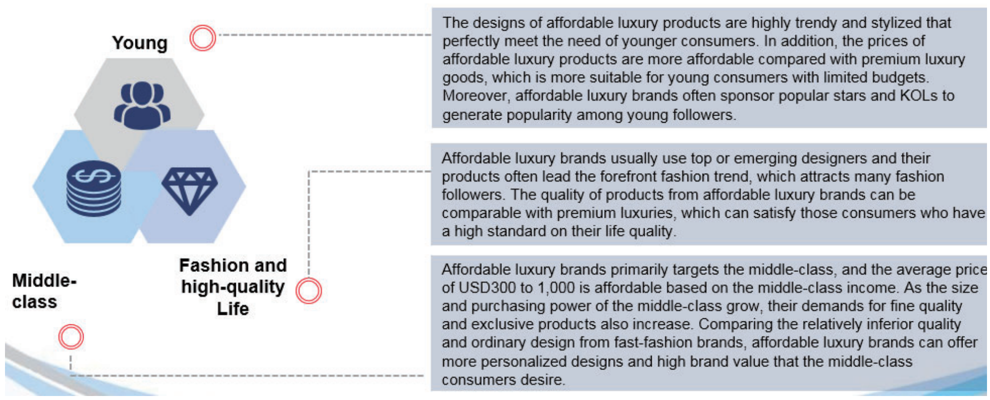
(2) Retail and distribution

Background

With network social media such as Instagram and the key opinion leaders ("**KOLs**") gaining popularity and having more influence over market trends, the Company believes fashion trends are no longer solely led by physical stores and traditional advertising media. Millennials' attitudes towards consumerism are shaping the ways on how different generations perceive the luxury landscape and a new "affordable luxury" ideology emerges to revive the fast fashion industry in a brand-new form.

As reported by CIC, affected by the global fast fashion and affordable luxury trend, the young generation in PRC is expected to spend more on fashion accessories to keep up with the changing fashion trends.

The following diagram illustrates the concept of affordable luxury:



As reported by CIC, the people in the PRC are expected to welcome a consumption upgrade and a change in consumption philosophy, which make the quality and design of the fashion accessories matters more than the price. As reported by CIC, the key difference between fast fashion and affordable luxury is the pricing and brand positioning, but there is a high level of customer overlapping. Affordable luxury is regarded as a middle area between luxury and every day products, including fast fashion products. The high-end lines of fast fashion brands are also recognized as one of the four main types of affordable luxury players, along with vice lines of luxury brands, affordable luxury brands, and designer brands.

Riding on the new trend of affordable luxury, in the second quarter of 2018, the Group commenced remodelling the retail arm of its Fashion Accessories Businesses as part of the Integrated Fashion Accessories Platform Business. The Group's retail and distribution channels include the sale of self-designed fashion accessories products in third party physical or online points of sale (including shops-in-shops) by way of distribution or consignment.

The business model involves (i) entering into distributorship agreements or consignment agreements with business partners for the distribution or consignment of the Group's fashion accessories products; (ii) designing fashion accessories products bearing the Group's own proprietary brands, i.e. "ARTINI" and other brands of the Group (including ASBENY); (iii) procuring the production of the fashion accessories products by manufacturers; and (iv) distributing/consignment of the fashion accessories products in the online platforms or physical points of sale of the business partners to end-customers.

The proprietary brand of the Group, "ARTINI", was a popular and well-known brand of fashion accessories products in Hong Kong and the PRC. The Group opened its first retail point in Hong Kong selling "ARTINI" branded fashion accessories products in the 2000s. In the past, the Group operated its Retail and Distribution Business by manufacturing and selling, among other things, fashion accessories of the "ARTINI" brand in the PRC mainly through its self-operated physical stores. Due to the change in business environments in retailing and shopping habits of customers, the costs pertaining the operation of physical shops became burdensome for the Group and hence, the Group gradually closed down its physical shops. Since September 2016, the Group no longer has any physical retail points. Despite this, as the "ARTINI" brand was one of the earliest key fashion accessories brands in the PRC in 2000s with good customers awareness, the Company considers the brand has accumulated a significant intrinsic value over the years and is a valuable asset of the Group. In particular, through the years of operation, the Group has accumulated over 180,000 members of "ARTINI" fashion accessories with whom the Group could contact for updates on the brand development when needed.

Such resources were largely untapped under the Group's previous business model which focused on design-manufacturing-sale in physical stores with high fixed operating cost. The Group's goal is to reposition the "ARTINI" brand as its flagship affordable luxury products targeting mid-to-high end mass market. As of the Latest Practicable Date, the Group has six in-house and five external designers in developing the products line. The product range include necklaces, earrings, bracelets and rings. To maintain flexibility and reduce capital expenditure, the Group mainly outsource the manufacturing function to third party suppliers and sell its products through third party online or physical (i.e. consignment counters) channels.

On the above basis, the Company decided to revitalise its retail and distribution channels of the Fashion Accessories Businesses based on a new model as illustrated below.

(i) Third-party retail online platforms

While the Group does not restrict retail customers from ordering from the Online Wholesale Platforms, the design of the Online Wholesale Platforms is wholesale-oriented and the Company believes most of the customers of the Online Wholesale Platforms are business customers (including retailers and resellers). The Company believes it is beneficial for the Group to develop the Integrated Fashion Accessories Platform Business in a comprehensive manner so as to further widen its customer base as well as to promote its brand and platforms. As such, the Company commenced the redevelopment of the retail arm of the Integrated Fashion Accessories Platform Business in parallel to the Online Wholesale Platforms through online retail channels operated by third parties.

In July 2018, the Group inherited the Platform A Shop under the name of "Viennois" on a business-to-customer online platform operated by Platform A, an Independent Third Party. The Group sells fashion accessories products through the Platform A Shop to retail customers in the PRC.

Platform A is a subsidiary of a company incorporated in the Cayman Islands which is listed on New York Stock Exchange (NYSE). As mentioned in their stock report available on the official website of Nasdaq, they are conducting business through their subsidiaries and consolidated affiliated entities in the PRC. They offer high-quality branded products to consumers in the PRC through flash sales mainly on their online platform. Flash sales represent an online retail format combining the advantages of e-commerce and discount sales through selling a finite quantity of discounted products or services online within a prescribed period of time. Since their inception in August 2008, they have attracted a large and growing number of consumers and popular brands. The online platform of Platform A had over 300 million registered members and over 100 million cumulative customers, and promoted and sold products for over 23,000 popular domestic and international brands as of 31 December 2017.

The Company sells branded fashion accessories products (including "ARTINI" branded products starting from September 2018) on the Platform A Shop to retail customers. From July 2018 to March 2019, the Platform A Shop received monthly orders of approximately 32,000 and recorded monthly sales of approximately HK$1.0 million, representing approximately 3.4% of the total sales of the Integrated Fashion Accessories Platform Business for the year ended 31 March 2019.

Similar to the Wholesale Online Platforms, the Group analyses customer data such as their shopping patterns and their voluntary feedbacks on the Platform A Shop, in order to (i) understand the preferences of individual customers; (ii) the overall market trend of the fashion accessories industry; and (iii) the popularity of various fashion accessories products. The Group then commissions its design, quality control and marketing activities based on the data collected.

The following table illustrates some key operating figures of the Platform A Shop since its operation in July 2018 up to May 2019 as provided by Platform A:

	For the period from July 2018 up to May 2019
Number of monthly customers *(Note 1)*	17,000
Number of monthly transactions *(Note 2)*	29,000
Net monthly transaction value *(Note 3)* *(HK$'000)*	931
Gross monthly transaction value *(Note 4)* *(HK$'000)*	1,808

Notes:

1. Provided by Platform A.

2. Provided by Platform A.

3. The net transaction value on the Platform A Shop net of the service fee payable to Platform A.

4. Provided by Platform A. The gross transaction value on the Platform A Shop inclusive of the service fee payable to Platform A.

The Directors consider that the significant increase in number of customers and the monthly transaction value was primarily due to various promotion campaigns (including discount offers) launched in the first two months to promote the Platform A Shop.

The Group also plans to open online shops selling fashion accessories products in other popular retail online platforms in order to expand its retail online network. In September 2018, the Group opened the Platform B Shop and started selling its "ARTINI" branded fashion accessories products.

Platform B is a Chinese-language website for business-to-consumer (B2C) online retail, operated in China by an Independent Third Party. It is a platform for local Chinese and international businesses to sell brand name goods to consumers in mainland China, Hong Kong, Macau and Taiwan. According to the public information which is not independently verified, Platform B is one of the world's biggest e-commerce websites and has over 500 million monthly active users.

The Company is of the view that the third-party retail online platforms (including the Platform A Shop and Platform B Shop, both of which are popular retail channels) will be one of the key growth drivers to the business of the Group in the near future.

(ii) Third party physical points of sale (including shops-in-shops) by authorised distributors and consignees

As at 31 May 2019, the Group has entered into one distributorship agreement and five consignment agreements with two retailers for selling its "ARTINI" branded fashion accessories products in the PRC and Hong Kong.

The Group has entered into a distributorship agreement with a retailer (the "**Distributor**") brought in by Ms. Li Jun, the Group's consultant and the sole owner and general manager of the Distributor, for the distribution of its "ARTINI" branded fashion accessories products through offline and online channels in the PRC. The Distributor has a network of over 400 offline physical point of sales (including boutiques, pop-up shops, shop-in-shops, etc.) and over 20 online shops in the PRC.

In addition, the Group has entered into consignment agreements with two retailers (the "**Consignees**"), Independent Third Parties who operate boutiques in shopping malls in Hong Kong, for the consignment of its "ARTINI" branded fashion accessories products in their boutiques.

As at 31 May 2019, the Group's "ARTINI" branded products have been (i) sold in 82 offline physical point of sales in Beijing, Shanghai, Hangzhou, Chengdu, Shenzhen, etc. in the PRC and one online shop operated by the Distributor in the PRC; and (ii) consigned in six retail points in popular shopping malls including Metro City Plaza in Tseung Kwan O, Amoy Plaza in Kowloon Bay, K11 and Mira Place in Tsim Sha Tsui, Wanchai and Hysan Place and World Trade Centre in Causeway Bay in Hong Kong operated by the two Consignees.

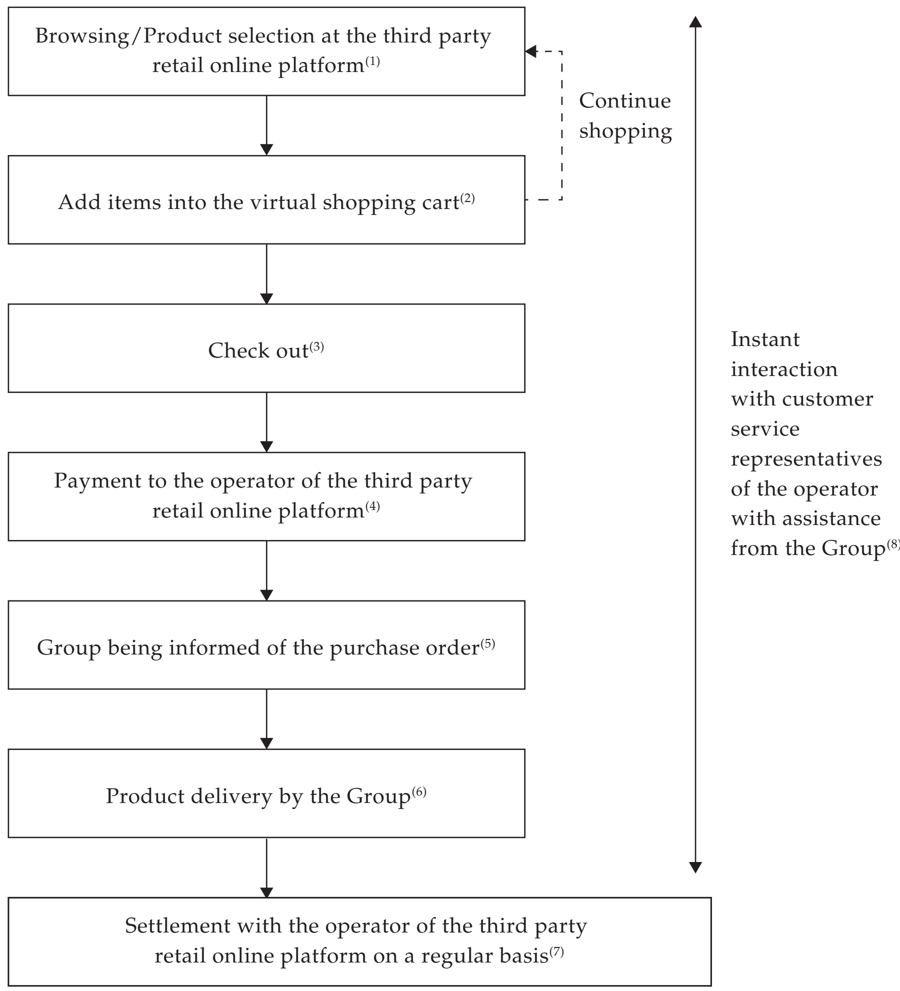
The following photos show the display of the "ARTINI" branded fashion accessories products at the retail points operated by the Distributor and Consignees:

Photo showing the products display at a retail point at the shopping mall K11 in Tsim Sha Tsui, Hong Kong

Photo showing the products display at a retail point at Changning Road, Shanghai, the PRC

Business flow and process of purchase of the third-party online retail platforms

The following diagram illustrates the business flow and process of purchase of the fashion accessories products sold through the third-party online retail platforms:



Notes:

1. The customer finds the products that meet his/her needs.

2. The customer adds selected items into the virtual shopping cart, continues browsing or proceeds to check out.

3. The customer checks the order, adds or deletes items in the virtual shopping cart if needed, confirms the order, enters details such as delivery address information according to the specific instruction of the third party retail online platform.

4. The customer makes payment to the operator of the third party retail online platform according to the specific instruction of the third party retail online platform.

5. The operator of the third party retail online platform would inform and provide details to the Group once an order is confirmed.

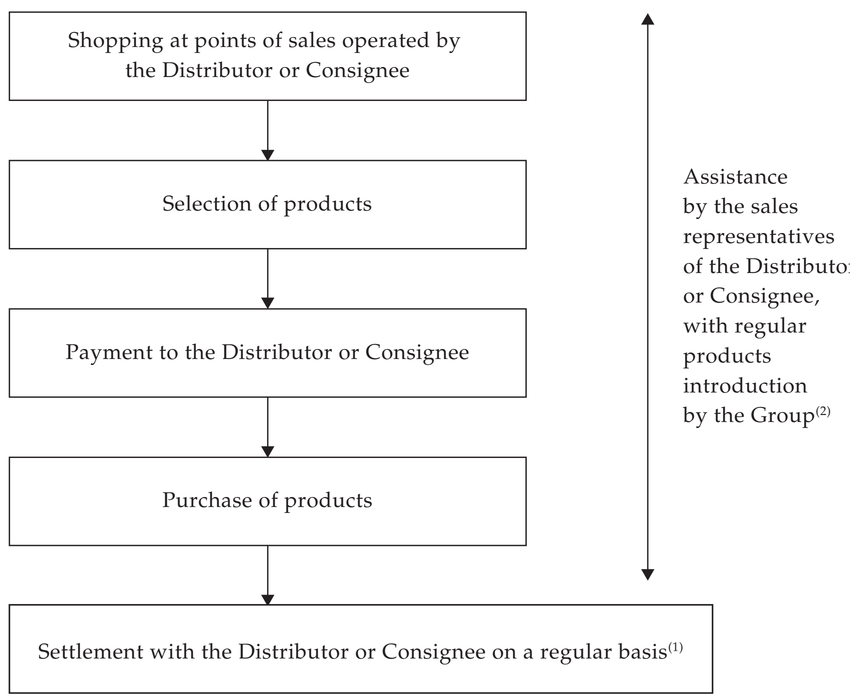
6. The Group arranges delivery of the purchased items to the delivery address.

7. The Group arranges settlement with the operator of the third party retail online platform regularly according to the terms of the relevant agreement signed with the operator.

8. The representatives of the operator of the third party retail online platform normally provide customer services with assistance from the Group.

Business flow and process of purchase of the distributorship and consignment arrangements

The following diagram illustrates the business flow and process of purchase of the fashion accessories products sold through the Distributor and the Consignees:



Notes:

1. The Group arranges settlement with the Distributor or Consignee regularly according to the terms of the relevant agreement signed with the Distributor or Consignee.

2. The sales representatives of the Distributor or Consignee provide assistance to the customer. The Group provides product introduction to the Distributor or Consignees regularly to familiarise the sales representatives with the information of their products.

Business strategies and future prospects of the retail and distribution channels

The retail and distribution channels are the key distribution channels in the Integrated Fashion Accessories Platform Business. The Group planned to implement the following strategies to further develop the retail and distribution channels:

(i) Develop and expand its retail network through collaboration with distributors and consignees

With the distributorship and consignment arrangements, the Group is able to distribute and sell its fashion accessories products to retail customers in the points of sales of the distributors and consignees while at the same time avoid heavy capital investment of own brick and mortar shops.

The Group targets distributors and consignees with well-established retail networks in order to maximise sales and market exposure of its fashion accessories products. For example, the Distributor has a network of over 400 offline physical point of sales (including boutiques, pop-up shops, shop-in-shops, etc.) and over 20 online shops in the PRC.

The Directors believe this can assist the Group's "ARTINI" brand to recapture market awareness and popularity within a short period of time with the lowest cost.

(ii) Develop its retail capability in the third party retail online platforms

The Company believes opening retail online shops in well-established third-party online platforms such as the Platform A Shop and the Platform B Shop is a cost effective way to expand its retail network. Moving forward, the Group will continue to operate its Platform A Shop and Platform B Shop, and at the same time explore the feasibility of opening online shops on other prominent retail online platforms.

(iii) Strengthen its design capability

In light of the distributorship and consignment agreements signed so far, the Company believes its retail and distribution channels will continue to expand and the Group's design capability will be crucial for the Group to keep up to the market trend and deliver popular designs for own-branded fashion accessories products.

(iv) Comprehensive marketing and promotion of the "ARTINI" brand

The Company believes rebuilding the brand "ARTINI" will enable the Group's plan to re-establish its leading position in the fashion accessories industry. As such, the Group conducts comprehensive marketing and promotion campaigns to promote its "ARTINI" brand.

These include placing of physical advertisements, product placing in public transportations, and more modern and innovative marketing efforts such as lining up key opinion leaders having more influence over market trends to promote the brand. For details, please refer to the paragraph headed "Sales and marketing" in this section.

Competitive strength of the retail and distribution channels

The Directors consider the follow competitive strengths of the Group will enable it to achieve the strategies of the development of the retail and distribution channels:

(i) Management experience in the industry and network with market players

In July 2018, the Company engaged Ms. Li Jun, the former president of the retail division of the Group, as a consultant to provide valuable advice to the development of the proprietary brand "ARTINI", in relation to strategic planning, sales strategies, sourcing business partners, etc. Ms. Li is in charge of the retail and distribution channels of the Integrated Fashion Accessories Platform Business. She was responsible for the management and development of the Group's retail business and had overseen the operation of the "ARTINI" brand in the 2000s and resigned in February 2009 to pursue her other businesses. She was instrumental in developing the "ARTINI" brand into a national brand in the PRC. Through the introduction of Ms. Li, the Group entered into a distributorship agreement with the Distributor (which has a network of over 400 offline physical point of sales (including boutiques, pop-up shops, shop-in-shops, etc.) and over 20 online shops in the PRC) for the distribution of its "ARTINI" branded fashion accessories products through offline and online channels in the PRC.

The Company considers the engagement of Ms. Li as a consultant is highly beneficial for the rebranding of "ARTINI" and the operation of the retail and distribution channels as well as the strategic development of the whole Integrated Fashion Accessories Platform Business. For details of Ms. Li Jun's biographies, please refer to the paragraph headed "Directors and senior management" in this section.

(ii) Design capability

The Group has set up its own design team and engaged seven manufacturers for the production of its own-branded fashion accessories products. As of the Latest Practicable Date, the Group has formed a design team of six full-time designers and five external designers and cooperated with ten manufacturers for the manufacturing of own-branded fashion accessories products.

The Group's own-branded fashion accessories products are designed by the Group's in-house designers in the design department and, to a lesser extent, the external designers. The Group's design team was led by Ms. Cai Jia Lin, who has founded her own brand "Crawford Jewel Lounge: Fantasy of Bling", and its members on average have more than six years of experience in jewellery design. These designers have relevant working experiences in the jewellery or design fields and some of them possessed academic degree in jewellery and/or design.

With a strong design team on board, the Group would be able to keep up to the market trend and deliver popular designs for own-branded fashion accessories products.

(iii) Value of the "ARTINI" brand

The "ARTINI" brand was one of the earliest key fashion accessories brands in the PRC in 2000s with good customers awareness. The Directors consider the brand has accumulated a significant intrinsic value over the years and is a valuable asset of the Group. In particular, through the years of operation, the Group has accumulated over 180,000 members of "ARTINI" fashion accessories which the Group could contact them for updates on the brand development when needed.

As such, the Directors believe a large and loyal base of retail customers of the "ARTINI" brand would be re-established quickly once the brand has gained sufficient market presence through the third party retail online platforms and the points of sale of the Distributor and the Consignees. This will in turn facilitate the Group's quick re-establishment of its status as an industry leader in the retail market of fashion accessories.

Customers

The Directors consider the retail customers who buy the fashion accessories products from the third-party retail online platforms and the points of sale operated by the Consignees to be its customers.

According to the agreement with the Consignees, the Consignees shall promote and sell the "ARTINI" branded products on behalf of the Group at the prescribed retail selling price informed by the Group. The Group shall pay the Consignees sale commissions calculated based on the actual sales amount. Some Consignees also receive a basic consignment fee from the Group which is a fixed monthly fee.

The following are the key terms of the agreement the Group entered into with Platform A in relation to the operation of the Platform A Shop:

Term:	From 24 May 2018 until 31 December 2019
Supply of products:	The Group shall, upon request by the Platform A Group, provide a list of products to be sold on the Platform A Shop detailing the brands, description, supply prices and retail prices, etc.
Product delivery:	The Group shall arrange delivery of the products at its costs to the Platform A Group. The product risks pass to the Platform A Group at the time of delivery.
Intellectual property:	The Group authorises the Platform A Group to sell products of the propriety brands of the Group, including but not limited to "ARTINI" on the Platform A Shop
Settlement:	The Platform A Group shall pay the Group (i) every month; and (ii) according to progress (i.e. partial settlement once a certain percentage of goods supplied by the Group in the same batch has been sold). Such sales proceeds payable by the Platform A Group to the Group shall be net of the service fee equivalent to 30% of the retail prices

The Directors confirm that it is the standard terms with the Platform A that the agreement with the Platform A Shop is for a term of one year and renewed every year. The Directors are not aware of any incidents that may adversely affect the business relationship with Platform A Shop that may induce Platform A Shop not to renew the agreements with the Group. In addition, the Group has been actively diversifying its income source from other third-party retail online platforms such as Platform B. The Directors are of the view that in the unlikely event that the Group's relationship with Platform A is terminated, the financial performance of the Group will not be materially and adversely affected.

The Directors consider the Distributor to be its direct customer. According to the agreement, the Distributor shall commence distribution of "ARTINI" branded products at not less than 10 retail points by 31 August 2018 and shall increase the number of retail points by not less than eight each month from September 2018 onwards.

The Group shall sell the "ARTINI" branded products to the Distributor at a 70% discount to the retail selling price as provided by the Group and the Distributor shall promote and sell the products at the prescribed retail selling price. The Group shall pay marketing fees to the Distributor if the sales target is met by the Distributor. Under such arrangement, the Directors estimate that the Group would be able to make a gross margin ranging from 40% to 55%.

Suppliers

The Group has set up its own design team and engaged ten manufacturers for the production of its own-branded fashion accessories products. Set out below are the typical terms of the agreement with the manufacturers:

Manufacturing:	The manufacturer shall manufacture the fashion accessories products according to the specification of the Group and ensure the end products to meet the relevant national standards
Delivery time:	As agreed by the parties from time to time
Quality assurance:	If the products cannot meet the relevant standards, or the manufacturer cannot meet the agreed delivery time, the Group may cease purchase from the manufacturer
Payment terms:	Credit term of 30 days by bank transfer according to the actual products delivered

Other retail channels

The Group entered into product listing and sales agreements with an agent specialised in in-flight shopping and delivery. The agent works with its airline partners such as Hainan Airlines which operates more than 500 routes over 100 cities, to offer in-flight shopping and delivery services for the passengers of the airline partners.

According to the said product listing and sales agreements, the agent shall procure Hainan Airline to list "ARTINI" branded fashion accessories products on its in-flight catalogue during the period from February 2019 to May 2019 and from July 2019 to October 2019. The Group shall pay the agent a fixed marketing fee based on the size of the advertisement on the catalogue and the number of SKUs listed.

Set out below is an image of the in-flight catalogue issued in February 2019:

The Directors consider this an effective means to broaden the Group's retail network and enhance the brand awareness of the "ARTINI" brand amongst the target customers in the PRC.

(3) Offline wholesale channels

Background

Apart from selling the fashion accessories products on the Online Wholesale Platforms, the Group also conducts wholesales by traditional offline channels. For the year ended 31 March 2018, the revenue generated from the offline wholesales was approximately HK$1.9 million, accounted for approximately 3.6% of the total revenue of the Integrated Fashion Accessories Platform Business. For the year ended 31 March 2019, the revenue generated from the offline wholesales was approximately HK$26.7 million, accounted for approximately 9.8% of the total revenue of the Integrated Fashion Accessories Platform Business.

The Group intends that the offline wholesale channels would be complementary to the other channels of the Integrated Fashion Accessories Platform Business and will conduct such sales on a case by case basis.

Business flow of the offline wholesale channels

When the Group is approached by a wholesale customer intended to purchase fashion accessories products via offline channel, the Group typically (i) provides sample products for the customer's review; (ii) provides price quotation to the customer; (iii) modifies product design according to the specification of the customer and revise price quotation accordingly; (iv) confirms product design, order details and price quotation with customer; (v) arranges manufacturing by third party manufacturers; (vi) receives payment from the customer; and (vii) arrangement delivery of products once manufactured.

Customers

To the best knowledge of the Directors having made reasonable enquiries, these offline customers are retailers of the fashion accessories industry in the PRC as well as international retail purchasing agents. Most of them had acquainted with the senior management members of the Group since their business relationships in the Group's historical Fashion Accessories Businesses a few years ago.

As the focus of the wholesale arm of the Integrated Fashion Accessories Platform Business is the Online Wholesale Platforms, the Group will conduct offline wholesale on a case by case basis to complement the Online Wholesale Platforms and encourage the potential customers to purchase through the Online Wholesale Platforms which offer a more comprehensive shopping experience for the customers.

Suppliers

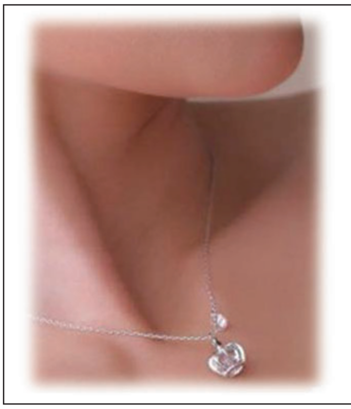
The suppliers for the fashion accessories products sold in the offline wholesale channels are similar to those for the Online Wholesale Platforms. Please refer to the paragraph headed "(1) Online Wholesale Platforms — suppliers" in this section for details.

Products, Design and Quality Assurance

Products

The fashion accessories products the Group sells include earrings, necklaces, bangles, rings, etc. which are mainly made of non-precious metal, imitation precious metal or thin film metal.

The following are the photos of some of the fashion accessories products the Group sells:



The fashion accessories products the Group sells are broadly divided into non-branded products and own-branded products.

The following table depicts the products sold through different channels as of this circular:

Brand	Online Wholesale Platforms	Third-party retail online platforms	Third party physical points of sale (by distribution or consignment)	Offline wholesale
"ARTINI"	No	Yes	Yes	No
"ASBENY"	Yes	No	No	No
Others	Yes	Yes	No	Yes

The non-branded products are procured by the Group from its suppliers/manufacturers upon receiving orders from its customers, or, for popular items, kept in the Group's warehouse in Guangzhou for delivery to its customers once orders are received from customers. The Group's own-branded fashion accessories products are designed by the Group's design team.

Design

As of the Latest Practicable Date, the Group has formed a design team of six full-time designers and five external designers and cooperated with ten manufacturers for the manufacturing of own-branded fashion accessories products.

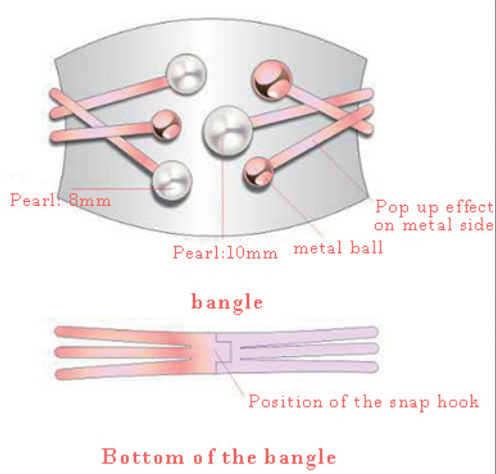
The Group's own-branded fashion accessories products are designed by the Group's in-house designers in the design department and, to a lesser extent, the external designers. The Group's design team was led by Ms. Cai Jia Lin, who has founded her own brand "Crawford Jewel Lounge: Fantasy of Bling", and its members on average have more than six years of experience in jewellery design. These designers have relevant working experiences in the jewellery or design fields and some of them possessed academic degree in jewellery and/or design.

Set out below are the photos of the fashion accessories products designed by the Group's design team:

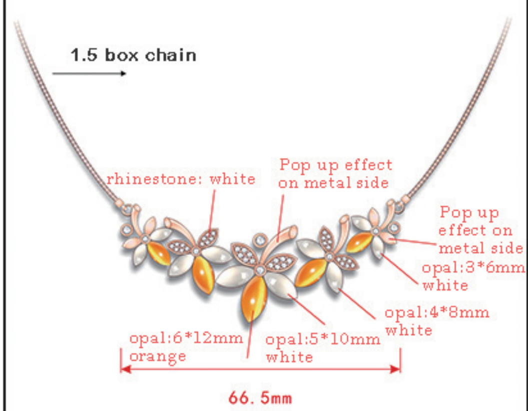
Design

End product

Design



End product

Design	*End product*
	

The Group is also committed to building an engaging and accommodating platform to cooperate with industry players to diversify the product designs and keep pace with the evolving market trends.

Quality assurance

As of the Latest Practicable Date, the Group has three employees responsible for quality assurance and they inspect the quality of the fashion accessories products procured from suppliers or manufactured by the manufacturers when (i) they are delivered to the Group's warehouse in Guangzhou; and (ii) before they are shipped out from the warehouse. The inspection process includes general physical inspection and sample checks with comprehensive testing on quality of electroplating, craftsmanship, dimension, weight, hardness, intactness of components, packaging, etc..

In the agreements with manufacturers, the Group imposed stringent quality requirements. The manufacturers shall comply with all the Group's instruction and specification for the production, and the products must meet the Group's specified quality requirements.

The Directors confirm that during the two years ended 31 March 2019 and up to the Latest Practicable Date, the Group did not experience any material product return due to defects or damages, as well as any liability claims in relation to the same.

Customers and Suppliers

Customers

The Group operates the Integrated Fashion Accessories Platform Business to sell fashion accessories products through a combination of retail and wholesale channels in order to reach out to the widest range of customers. The following tables summarises the details of Group's top five customers for the two years ended 31 March 2019 (the information of which obtained by the Company after making all reasonable enquires):

For the year ended 31 March 2018

Name	Base of business	Principal business activities	History of business relationship with the Group as at 31 March 2019	Transaction amount as a percentage of the total revenue of the Group	Remarks
Customer D	Hong Kong	Trading of jewellery products	1 year	12.9%	Established business relationship through the Group's marketing activities
Customer A	Hong Kong	Trading of products including fashion accessories products	1 year	10.6%	Established business relationship through the Group's marketing activities
Customer B	Hong Kong	Sale of fashion accessories products to various countries	13 years	10.1%	Acquainted with the senior management of the Group for over 10 years and re-established business relationship in 2018
Customer C	Hong Kong	Sale of fashion jewellery products to various countries	11 years	8.0%	Acquainted with the senior management of the Group for over 10 years and re-established business relationship in 2018
Customer E	Hong Kong	Sale of fashion accessories products to America, Middle East and Africa	1 year	4.9%	Established business relationship through the Group's marketing activities
Total:				46.5%	

For the year ended 31 March 2019

Name	Base of business	Principal business activities	History of business relationship with the Group as at 31 March 2019	Transaction amount as a percentage of the total revenue of the Group	Remarks
Customer E	Hong Kong	Sale of fashion accessories products to America, Middle East and Africa	1 year	8.7%	Established business relationship through the Group's marketing activities
Customer D	Hong Kong	Trading of jewellery products	1 year	8.4%	Established business relationship through the Group's marketing activities
Customer C	Hong Kong	Sale of fashion jewellery products to various countries	11 years	6.4%	Acquainted with the senior management of the Group for over 10 years and re-established business relationship since 2018
Customer B	Hong Kong	Sale of fashion accessories products to various countries	13 years	4.3%	Acquainted with the senior management of the Group for over 10 years and re-established business relationship in 2018
Customer F	Hong Kong	Wholesale and retail of fashion accessories products	1 year	3.3%	Acquainted with the senior management of the Group for many years and established business relationship in 2017
Total:				31.1%	

As shown in the above tables, two of the top five customers for the two years ended 31 March 2019, had business relationships with the Group for 10 years or more and some of them are existing customers of the Group who re-established business relationships with the Group after the Group revitalised its Fashion Accessories Businesses. The Directors consider them to be loyal and stable customers of the Group who will continue to place orders in the future.

In addition, through the Group's marketing efforts, the Group continued to diversify its income source and reduce reliance on major customers. The number of active customers on the Online Wholesale Platforms increased from 206 in November 2017 to 336 in April 2018 and further increased to 3,762 in May 2019. The number of monthly transactions increased from 125 in November 2017 to 147 in April 2018 and further increased to 1,267 in May 2019. The revenue contributed from the top five customers accounted for approximately 46.5% and 31.1% for the two years ended 31 March 2019 respectively, which the Directors consider not extreme. As such, the Directors consider the Group is able to generate revenue mainly from a diversified base of customers instead of relying on a few number of major customers.

To the best knowledge of the Directors having made all reasonable enquiries, all the top five customers of the Integrated Fashion Accessories Platform Business are Independent Third Parties. The Group is also able to source new customers through digital marketing such as search engine optimisation, search engine marketing, key opinion leader marketing and social media marketing, coupled with traditional market means such as participating in physical exhibitions and placing of advertisements.

Wholesale customers

As of 31 March 2018 and 31 May 2019, there were over 110,000 and 150,000 registered customers on the Online Wholesale Platforms, respectively. For the period since the Acquisition up to 31 May 2019, the Group received an average of 809 orders per month from its registered customers on the Online Wholesale Platforms and the average amount per order was approximately HK$20,000.

Through years of operating the CDM Sales Business and the Retail and Distribution Business, the Group has established a wide and loyal customer base in the fashion accessories industry. Some of these customers who have acquainted with the senior management members of the Group for a long time, have started purchasing from the Online Wholesale Platforms and they also place bulk offline orders from the Group from time to time. These customers became major customers of the Integrated Fashion Accessories Platform Business.

In order to strengthen the business relationships with the major customers, the Group offers them (i) credit terms of 30 days; and (ii) the best available discounts on the Online Wholesale Platforms. The Group has entered into master purchase agreements with some of the major customers where, among other things, the customers would make committed purchase amounts from the Online Wholesale Platforms. For details, please refer to the paragraph headed "(1) Online Wholesale Platforms — Customers" in this section.

Meanwhile, in order to diversify its income source in the long run, the Group has made efforts (including the improvement of the Online Wholesale Platforms) to attract new customers and widen the customer base of the Online Wholesale Platforms. As a result, the Online Wholesale Platforms are receiving orders from a wider range of customers while bulk orders from major customers are proportionally reduced. In particular, the number of active customers on the Online Wholesale Platforms increased from 336 in April 2018 to 3,762 in May 2019. The number of orders placed on the Online Wholesale Platforms increased significantly from 147 in April 2018 to 1,267 in May 2019 while the average transaction amount per order decreased from approximately HK$95,000 to HK$18,000 for the corresponding period. As a result of the above, the average transaction amount per order decreased (by 81.1%) following the significant number of orders increased (by 8.6 times) during the period from April 2018 to May 2019.

Retail customers

The third-party retail online platforms and retail and distribution channels mainly focus on retail customers with different tastes and preferences. The Group mainly attract retail customers by diversifying and keeping up to date its product design and various promotional means including digital marketing and traditional marketing such as participating in physical exhibitions and placing of advertisements.

From July 2018 to May 2019, the Group received an average of approximately 29,000 orders per month from the Platform A Shop.

Suppliers

As of 31 May 2019, there were 35 suppliers for the Integrated Fashion Accessories Platform Business.

Through years of operating the CDM Sales Business and the Retail and Distribution Business, the Group has gained recognitions and established reputation in the fashion accessories industry. Therefore, the Group was able to establish solid and reliable business relationships with the industry players, including suppliers, of the Fashion Accessories Businesses shortly after the commencement of the Integrated Fashion Accessories Platform Business. The Directors expect these major suppliers to continue their business with the Group.

Since completion of the Acquisition in November 2017 and up to 31 March 2018 and for the period during 1 April 2018 to 31 March 2019, the purchases from the top five suppliers of the Integrated Fashion Accessories Platform Business accounted for approximately 98.4% and 76.0% of the total purchases of the Integrated Fashion Accessories Platform Business, respectively. In order to strengthen the business relationships with the suppliers and secure stable supplies of goods, the Group has entered into long-term framework agreements with its major suppliers where, among other things, the suppliers would make commitment on the minimum amount of goods to be made available to the Group. For details, please refer to the paragraph headed "(1) Online Wholesale Platforms — Suppliers" in this section.

The following tables summarises the details of Group's top five suppliers for the two years ended 31 March 2019, the information of which obtained by the Company after making all reasonable enquires:

For the year ended 31 March 2018

Name	Base of business	Principal business activities	History of business relationship with the Group as at 31 March 2019	Transaction amount as a percentage of the total purchase of the Group
Supplier A	Hong Kong	Trading of fashion products	1 year	62.1%
Supplier B	Hong Kong	Trading of fashion accessories products	1 year	31.4%
Supplier C	PRC	Manufacturing of accessories	6 years	3.3%
Supplier D	PRC	Manufacturing of accessories	6 years	1.3%
Supplier E	PRC	Manufacturing of accessories	6 years	0.3%
Total:				98.4%

For the year ended 31 March 2019

Name	Base of business	Principal business activities	History of business relationship with the Group as at 31 March 2019	Transaction amount as a percentage of the total purchase of the Group
Supplier B	Hong Kong	Trading of fashion accessories products	1 year	30.9%
Supplier A	Hong Kong	Trading of fashion products	1 year	27.0%
Supplier F	PRC	Manufacturing of accessories	1 year	10.8%
Supplier H	PRC	Manufacturing of accessories and metal products	1 year	3.7%
Supplier G	PRC	Manufacturing of accessories	1 year	3.6%
Total:				76.0%

To the best knowledge of the Directors having made all reasonable enquiries, all the top five suppliers of the Integrated Fashion Accessories Platform Business are Independent Third Parties.

Entities which are both customers and suppliers

Supplier A, one of the top five suppliers of the Group for the two years ended 31 March 2019, is wholly-owned by an Independent Third Party which, to the best knowledge of the Directors having made all reasonable enquiries, controls an entity (the "**Related Customer**") which is one of the customers of the Group.

As shown in the paragraph headed "Customers and Suppliers — Suppliers" in this section, the purchase from Supplier A amounted to approximately 62.1% and 27.0% of the total purchase of the Group during the two years ended 31 March 2019 respectively. During the same period, sales to the Related Customer amounted to nil and approximately RMB431,000 respectively, representing 0.0% and approximately 0.19% of the total revenue of the Group, which the Directors consider insignificant.

To the best knowledge of the Directors having made all reasonable enquiries, Customer B, one of the top five customers of the Group for the two years ended 31 March 2019, controls Supplier G and another entity (the "**Related Suppliers**") which are also suppliers of the Group.

As shown in the paragraph headed "Customers and Suppliers — Customers" in this section, the sales to Customer B amounted to approximately 10.1% and 4.3% of the total revenue of the Group during the two years ended 31 March 2019 respectively. During the same period, aggregate purchases from the Related Suppliers amounted to nil and approximately RMB6,820,000 respectively, representing 0.0% and approximately 3.59% of the total purchase of the Group. As shown in the paragraph headed "Customers and Suppliers — Suppliers" in this section, Supplier G was the 5th largest supplier of the Group for the year ended 31 March 2019. However, having considered that only 3.59% of the total purchase of the Group for the year ended 31 March 2019 was from the Related Suppliers, the Directors consider such purchase insignificant.

To the best knowledge and belief of the Directors after making all reasonable enquiries, these entities and their respective ultimate beneficial owners are Independent Third Parties.

Negotiations of the terms of the sales to and purchases from these entities were conducted on individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. The Directors confirmed that, during the two years ended 31 March 2019, and up to the Latest Practicable Date, the products the Group purchased from these entities and/or their related companies were not the same as those products the Group previously sold to them. The Directors confirm that the terms of transactions with these entities were similar to those transactions entered into between the Group and its other customers and suppliers.

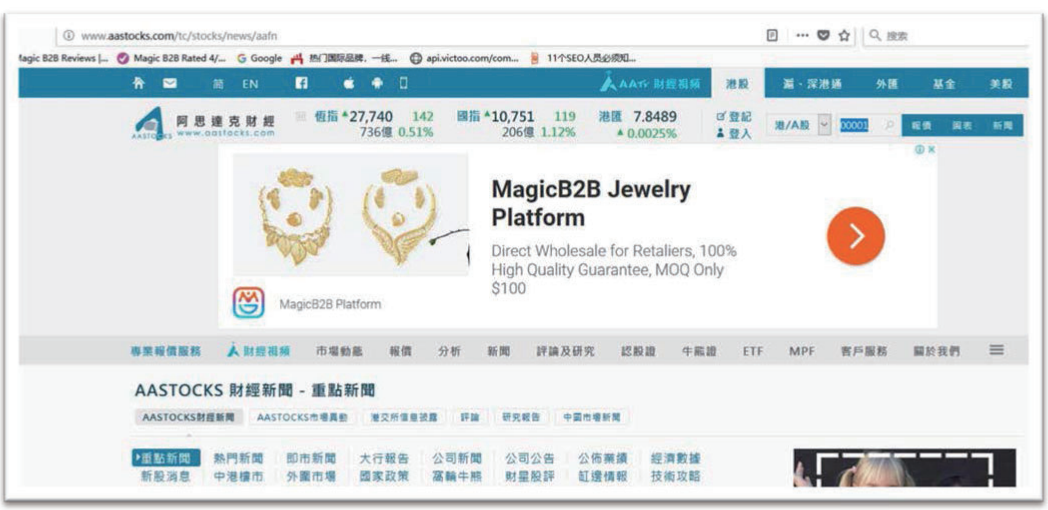
Sales and Marketing

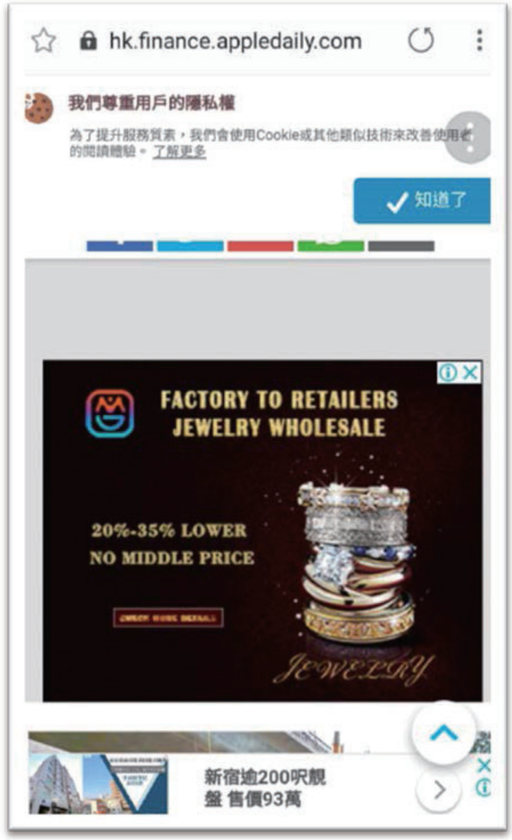
In addition to existing connection built by senior management, the Group mainly sources new customers through digital marketing such as search engine optimisation, search engine marketing, key opinion leader marketing and social media marketing, coupled with traditional market means such as participating in physical exhibitions and placing of advertisements from time to time.

Online Wholesale Platforms

The Group promotes its Online Wholesale Platforms through words of mouth which in turn was leveraged on its long-term business reputation in the fashion accessories industry. It also sources new customers through digital marketing (including engagement of third party marketing agents) such as search engine optimisation, search engine marketing and banner advertisements and remarket techniques in websites and social media networks.

By the remarketing techniques, the target users would see embedded banner advertisements of the Group on the websites or mobile apps they browse, which substantially increased the effectiveness of the Group's marketing efforts. Set out below are pictures illustrating the Group's advertisements shown on popular websites for the promotion of the Online Wholesale Platforms:





Below is a non-exhaustive list of websites which the advertisement of the Group may be shown by way of remarketing: *lihkg.com*, *hong-kong-hotels.ws*, *discuss.com.hk*, *aastocks.com*, *howstuffworks.com*, *orientaldaily.com.my*, *hk-info.com*, *appledaily.com*, *sina.com.hk*, *dailypost.ng*, *dailymail.co.uk*, *aboutlifethings.com*, *dailypost.ng*, *billionairebook.net*, *tettybetty.com*, etc.

The Group also participates in exhibitions from time to time in order to promote the Online Wholesale Platforms and reach out to potential business customers. The Group participated in the Asia's Fashion Jewellery and Accessories Fair held in the Asia World Expo in September 2018.

Set out below are the pictures taken during the said exhibition showing the promotion booth hosted by the Group:

Through the exhibition, the Group (i) understands the market trend by sharing with its industry peers and suppliers, (ii) reaches out to potential wholesale customers and promotes the Online Wholesale Platforms, and (iii) receives feedback from wholesale customers.

"ARTINI"

The Company considers the brand has accumulated a significant intrinsic value over the years and is a valuable asset of the Group. As such, the Company is rebranding "ARTINI" and has performed marketing and promotion activities through both online and offline channels.

In September 2018, the Group engaged a local and a PRC public relation agent respectively to organise various publicity campaigns in Hong Kong and the PRC for the promotion of the proprietary "ARTINI" brand in multi-media that are consistent with the trend of affordable luxury and will portray its proprietary brand "ARTINI" among the mid-upper class groups of retail customers.

In Hong Kong, the local public relation agent would line up key opinion leaders to post of promotion articles, photos, etc. of the "ARTINI" brand on their Instagram accounts while the PRC public relation agent would post threads, articles and photos on the WeChat platform and interact with "fans" on such platform for the purposes of promotion of the "ARTINI" brand.

The Company has arranged with a vendor to place printed advertisement on taxis during the period from 31 August 2018 to 30 September 2018. The Company believes the marketing and promotion activities would increase brand recognition and market presence and facilitate the development of the retail and distribution channels in a robust fashion. Set out below is an illustration of the said printed advertisement on taxis:

The Group entered into product listing and sales agreements with an agent who shall procure Hainan Airline to list "ARTINI" branded fashion accessories products on its in-flight catalogue during the period from February 2019 to May 2019 and from July 2019 to October 2019. For details, please refer to the paragraph headed "(2) Retail and distribution — other retail channels" in this section.

The Directors believe the above promotion initiatives will enhance the brand awareness which will in turn boost the development of the Integrated Fashion Accessories Platform Business (in particular, the retail and distribution channels).

In the long-run, the Company believes rebuilding the brand "ARTINI" will enable the Group's plan to re-establish its leading position in the fashion accessories industry.

Data Analytics

Customer data protection

The Group recognises that customers' privacy is an important issue and is dedicated to respecting the customers' privacy safeguarding their personally identifiable information by adhering to an internet privacy policy which was shown on the Online Wholesale Platforms. The policy states the purpose of collection of personal information of the customers on the Online Wholesale Platforms, type of personal information of the customers to be collected, the third parties with whom the Group might share such information, and how the customers can access or correct the personal information they have provided on the Online Wholesale Platforms. The Directors consider that the Group has strictly followed the relevant personal data privacy laws and regulations when handling customers' personal data.

Since the commencement of the Integrated Fashion Accessories Platform Business and up to the Latest Practicable Date, there was no complaint regarding breaching of customer personal data privacy or loss of customer data.

Information technology security

As the information technology system plays an integral part to the operation of the Online Wholesale Platforms, its reliability and integrity are important and the Group has taken measures to protect and secure the information technology system. The Group has a dedicated team responsible for monitoring the information technology system and ensuring that it is functional for the required business purposes.

The Group stores all the data handled through the Online Wholesale Platforms on servers and data storage facilities and simultaneously back up the data on backup servers. Both of the key servers and data storage facilities are protected by firewall, anti-virus software and spam filtering applications.

The Group has implemented access restriction control on the information technology system in which employees are granted access only to the information necessary for them to perform their roles and responsibilities.

Since the commencement of the Integrated Fashion Accessories Platform Business and up to the Latest Practicable Date, the Online Wholesale Platforms have not experienced any material unexpected interruptions due to occurrence of events such as fires, hardware and software failures or telecommunication failures.

Inventory Control

The warehouse staff of the Group conducts stock take at the warehouse of the Group in Guangzhou every month. The management of the Group reviews the condition of inventories of the Group regularly and makes provision against obsolete and slow-moving inventory items identified that are no longer suitable for use or sale. Management estimates the net realisable value for such inventories based primarily on the latest sales invoice prices and current market conditions. The management of the Group will then reassess the estimation at the end of the reporting period.

For the year ended 31 March 2019, the average turnover days of the inventory in the Group's warehouse in Guangzhou is less than 40 days.

Trademarks

"ARTINI"

The trademark, namely "ARTINI" or "ARTINI 雅天妮" (the "**ARTINI Mark**") has been an important brand for the Group's Fashion Accessories Businesses (including the previous Retail and Distribution Business). As at the Latest Practicable Date, the ARTINI Mark has been registered for various classes including class 14 (precious metals and their alloys; jewellery, precious and semi-precious stones; horological and chronometric instruments) in various jurisdictions including Hong Kong, the PRC, Macau, Taiwan and Singapore.

Due to the popularity of the brand of "ARTINI" over the years, the Company considers it beneficial to the Group to utilise the ARTINI Mark as part of its strategic development of the Integrated Fashion Accessories Business.

"ASBENY"

The Group acquired a trademark, namely "ASBENY 雅仕玻麗" (the "**ASBENY Mark**") from an Independent Third Party. To the best knowledge of the Directors having made all reasonable enquiries, "ASBENY" is a popular brand for, among other things, leather products in Italy for over 50 years.

The registration for the transfer of trademark for class 18 (leather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides; trunks and travelling bags; umbrellas and parasols; walking sticks; whips, harness and saddlery) and class 25 (clothing, footwear and headgear) in the PRC was approved in December 2017.

In addition, the Group has registered the ASBENY Mark for classes 14 (precious metals and their alloys; jewellery, precious and semi-precious stones; horological and chronometric instruments) and 18 (leather and imitations of leather, animal skins and hides; luggage and carrying bags; umbrellas and parasols; walking sticks; whips, harness and saddlery; collars, leashes and clothing for animals) in Hong Kong; and for class 14 (rings (accessories); accessories boxes; bracelets (accessories); necklaces (accessories); chest pins (accessories); precious metals art pieces and their alloys; artificial jewellery; earrings; watches) in the PRC.

The Group previously did not expect to employ the ASBENY Mark in its business operations. However, following further consideration on the value of the ASBENY Mark and its potential benefits to the Integrated Fashion Accessories Platform Business, the Directors are of the view that the ASBENY Mark could be used more beneficially to develop its Fashion Accessories Businesses.

In about August 2018, the Group has commenced the sale of the products from its "ASBENY" branded fashion accessories products on the Online Wholesale Platforms in a specific column. The Group expects "ASBENY" branded fashion accessories products will also be sold in other channels such as the third-party retail online platforms.

The Company believes that the rebranding of "ARTINI" and introduction of "ASBENY" brand could play a vital role in the revitalisation of the Group's Integrated Fashion Accessories Platform Businesses which sells third party fashion accessories products as well as own-branded and self-designed fashion accessories products.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP'S FINANCIAL PERFORMANCE BEFORE AND AFTER TRADING SUSPENSION

The Group's business before the Trading Suspension

The Group was listed in 2008 and used to focus on the CDM Sales Business and the Retail and Distribution Business. Retail and Distribution Business comprised manufacturing and selling fashion accessories, gifts and premium items of its proprietary brand "ARTINI" in the PRC mainly through physical stores. CDM Sales Business traded and sold its accessories products at the customer's chosen level of participation in the design process and concurrently worked with the customer in designing the products and coordinating the manufacturing process according to the customer's desired final design.

Due to the change in business environments in retailing and shopping habits of customers, the Group's financial performance was significantly affected. The Group gradually changed the business strategy and closed down its manufacturing facilities in late 2014, and closed down all of the physical shops in Hong Kong and the PRC in early 2014 and mid 2016 respectively in order to minimise losses from its CDM Sales Business and to deal with the keen competition in Retail and Distribution Business.

Due to the diminishing CDM Sales Business and Retail and Distribution Business, the Group started to explore other business initiatives during 2016 and 2017 with a view to diversifying its revenue sources, with a main focus on the Software Businesses which were related to the development and sale of software related applications. The CDM Sales Business, Retail and Distribution Business and Software Businesses (collectively, the "**Original Business Model**") did not develop as originally expected and the trading in the Shares has been suspended on 3 July 2017.

The Group's business after the Trading Suspension

Although the Software Businesses were not as successful as the Board had expected, the Directors and the Group's management have gained experience and know-hows in managing e-commerce platform from the Software Businesses, which enabled the Group to acquire the essential capabilities to manage the operation of the Online Wholesale Platforms. In November 2017, the Group acquired the entire equity interests and sale shares in each of Viennois Hong Kong and Wei Ya Guangzhou and deployed certain resources to enhance the operations of the Online Wholesale Platforms, which resulted in a significant boost in the revenue generated since then. The Acquisition kicked start the revitalisation of the Fashion Accessories Businesses. In the third quarter of 2018, the Group reintroduced the retail business through various retail and distribution channels, including third-party retail online platforms such as the Platform A and Platform B, and distributorship or consignment by third-party retailers. In addition to selling third-party products, it also revitalised its proprietary brand "ARTINI" through its sales channels. By combining online and offline sales channels, the Group developed its new business model of Integrated Fashion Accessories Platform Business, which comprised of selling fashion accessories products through (i) Online Wholesale Platforms, (ii) offline wholesale channels, (iii) third-party retail online platforms and (iv) retailers (the "**Current Business Model**").

Financial analysis comparing the Current Business Model and the Original Business Model before Trading Suspension

(A) Financial performance analysis

The following table sets forth a summary of the financial performance of the Group from the year ended 31 March 2008 to the year ended 31 March 2019:

(All amounts in HK$'000)

	Notes	2018.4.1-2019.3.31	2017.10.1-2018.3.31	2017.4.1-2017.9.30	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
		Current Business Model		Original Business Model (For the year ended 31 March)										
Revenue	*(a)*	271,287	51,014	8,705	14,847	46,907	77,707	173,236	191,218	323,311	362,921	366,119	564,101	596,739
Cost of sales	*(b)*	(185,321)	(38,398)	(248)	(9,016)	(45,335)	(96,395)	(155,021)	(147,388)	(249,622)	(217,865)	(190,342)	(326,493)	(220,313)
Gross profit/(loss)	*(c)*	85,966	12,616	8,457	5,831	1,572	(18,688)	18,215	43,830	73,689	145,056	175,777	237,608	376,426
Administrative and other expenses	*(d)*	(45,253)	(158,983)	(5,241)	(18,526)	(101,591)	(72,284)	(123,793)	(142,729)	(222,119)	(319,002)	(275,604)	(376,271)	(249,985)
Profit/(loss) before income tax		40,713	(146,367)	3,216	(12,695)	(100,019)	(90,972)	(105,578)	(98,899)	(148,430)	(173,946)	(99,827)	(138,663)	126,441
Income tax (expense)/credit		(9,670)	(1,851)	(37)	(1,695)	(11)	(18)	(2,742)	(10,129)	4,139	(2,771)	(622)	(1,866)	(16,417)
Profit/(loss) for the year/period	*(e)*	31,043	(148,218)	3,179	(14,390)	(100,030)	(90,990)	(108,320)	(109,028)	(144,291)	(176,717)	(100,449)	(140,529)	110,024

Financial performance before Trading Suspension

Revenue decreased from approximately HK$596.7 million for the year ended 31 March 2008 to approximately HK$8.7 million for the six months ended 30 September 2017, which was mainly due to the abovementioned keen competition in the traditional fashion accessories business and the change in the business environments in retailing and customers' shopping habits and that the Software Businesses did not develop as originally expected. For detailed analysis, please refer to the section headed "(a) Revenue" below.

Cost of sales decreased from approximately HK$220.3 million for the year ended 31 March 2008 to approximately HK$0.2 million for the six months ended 30 September 2017, which was mainly due to the diminishing traditional CDM Sales Business and Retail and Distribution Business. For detailed analysis, please refer to the section headed "(b) Cost of sales" below.

Gross profit decreased from approximately HK$376.4 million for the year ended 31 March 2008 to approximately HK$8.5 million for the six months ended 30 September 2017, which was mainly due to the unsatisfactory sales performance, and the combination effects of (i) inflation in staff costs, (ii) inflation in manufacturing costs and (iii) impairment loss on inventories. For detailed analysis, please refer to the section headed "(c) Gross profit" below.

Administrative and other expenses decreased from approximately HK$250.0 million for the year ended 31 March 2008 to approximately HK$5.2 million for the six months ended 30 September 2017, which was mainly due to the diminishing in scale of the traditional CDM Sales Business and Retail and Distribution Business. For detailed analysis, please refer to the section headed "(d) Administrative and other expenses" below.

The Group recorded a significant net loss under the Original Business Model for the nine years ended 31 March 2017, mainly due to the combined effect of abovementioned factors.

The Group recorded a net profit of approximately HK$3.2 million for the six months ended 30 September 2017 which was mainly contributed by the Software Businesses. Afterwards, the Group gradually shift its resources from Software Businesses towards the Integrated Fashion Accessories Platform Business and recorded no revenue from Software Businesses since then.

Financial performance after Trading Suspension

Due to the revitalisation of the Fashion Accessories Businesses since November 2017, each of the revenue, gross profit and profit after tax of the Group has recorded a significant increment compared to that of the corresponding years before Trading Suspension.

Revenue increased from approximately HK$8.7 million for the six months ended 30 September 2017 to approximately HK$51.0 million for the six months ended 31 March 2018, and further to approximately HK$271.3 million for the year ended 31 March 2019. For detailed analysis, please refer to the section headed "(a) Revenue" below.

Cost of sales increased from approximately HK$0.2 million for the six months ended 30 September 2017 to approximately HK$38.4 million for the six months ended 31 March 2018, and further to approximately HK$185.3 million for the year ended 31 March 2019, which was in line with the growth of revenue. For detailed analysis, please refer to the section headed "(b) Cost of sales" below.

Gross profit increased from approximately HK$8.5 million for the six months ended 30 September 2017 to approximately HK$12.6 million for the six months ended 31 March 2018, and further to approximately HK$86.0 million for the year ended 31 March 2019, which was in line with the growth of revenue. For detailed analysis, please refer to the section headed "(c) Gross profit" below.

However, due to the recognition of impairment losses on goodwill of approximately HK$141.0 million on E-commerce Business during the six months ended 31 March 2018, the Group recorded a net loss of approximately HK$148.2 million for the six months ended 31 March 2018. Excluding such impairment losses on goodwill on E-commerce Business together with other non-operating expenses, such as exchange loss and professional fees for resumption, the adjusted net profit was approximately HK$1.4 million compared to the significant net loss for the nine years ended 31 March 2017. The Group further recorded a net profit of approximately HK$31.0 million for the year ended 31 March 2019.

(a) Revenue

The following table sets forth the revenue breakdown from the year ended 31 March 2008 to the year ended 31 March 2019:

(All amounts in HK$'000)

									For the year ended 31 March					
		2018.4.1-2019.3.31	**2017.10.1-2018.3.31**	**2017.4.1-2017.9.30**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
	Notes	**Current Business Model**		**Original Business Model**										
CDM Sales Business/ Online Wholesale Platforms/offline wholesale channels	*(i)*	256,678	51,320	–	–	45,958	69,595	124,187	146,736	232,603	241,090	213,916	290,919	299,276
Retail and Distribution Business/ third-party retail online platforms/retailers	*(ii)*	14,609	–	–	8,730	949	8,112	49,049	44,482	90,708	121,831	152,203	273,182	297,463
Revenue from Fashion Accessories Business		271,287	51,320	–	8,730	46,907	77,707	173,236	191,218	323,311	362,921	366,119	564,101	596,739
Software Business		–	(306)	8,705	6,117	–	–	–	–	–	–	–	–	–
Total revenue		271,287	51,014	8,705	14,847	46,907	77,707	173,236	191,218	323,311	362,921	366,119	564,101	596,739

Financial performance before Trading Suspension

Due to the change in business environments in retailing and shopping habits of customers, the Group's financial performance was significantly affected. The Group gradually changed the business strategy and closed down its manufacturing facilities in late 2014, and closed down all of the physical shops in Hong Kong and the PRC in early 2014 and mid 2016 respectively in order to minimise losses from its CDM Sales Business and to deal with the keen competition in Retail and Distribution Business.

Revenue from CDM Sales Business decreased from approximately HK$299.3 million for the year ended 31 March 2008 to approximately HK$69.6 million for the year ended 31 March 2015 upon the cessation of the manufacturing facilities in 2014. Since then, the Group could only engage outside suppliers to produce fashion accessories with the design provided by customers, which increased the difficulties in fulfilling the requirements from the customers, and as such the CDM Sales Business further shrank with revenue of approximately HK$46.0 million for the year ended 31 March 2016 and nil for the year ended 31 March 2017 and six months ended 30 September 2017.

Revenue from Retail and Distribution Business decreased from approximately HK$297.5 million for the year ended 31 March 2008 to approximately HK$0.9 million for the year ended 31 March 2016 upon the closure of nearly all of the retail shops in 2016. Revenue from Retail and Distribution Business for the year ended 31 March 2017 of approximately HK$8.7 million mainly represented one-off sale of remaining obsolete inventories to wholesalers.

Revenue of approximately HK$8.7 million recorded for the six months ended 30 September 2017 was mainly contributed by the Software Businesses. However, due to the departure of certain management of the software team, there was no significant revenue contributed by Software Businesses for the six months ended 31 March 2018.

Financial performance after Trading Suspension

Due to the revitalisation of the Fashion Accessories Businesses since November 2017, a significant improvement in revenue was noted compared to that of before the Trading Suspension. The Group recorded a total revenue of approximately HK$51.3 million for the six months ended 31 March 2018, and further increased to approximately HK$271.3 million for the year ended 31 March 2019, which was mainly contributed by the Online Wholesale Platforms. Set out below are the tables of the breakdown of revenue in the wholesale segment:

Wholesale segment

(All amounts in HK$'000)

		2018.4.1-	**2017.10.1-**	**2017.4.1-**	**For the year ended 31 March**									
		2019.3.31	**2018.3.31**	**2017.9.30**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
	Notes	**Current Business Model**		**Original Business Model**										
Online Wholesale Platforms	*(i)*	229,985	49,465	–	–	–	–	–	–	–	–	–	–	–
Offline wholesale channels	*(ii)*	26,693	1,855	–	–	–	–	–	–	–	–	–	–	–
CDM Sales Business		–	–	–	–	45,958	69,595	124,187	146,736	232,603	241,090	213,916	290,919	299,276
		256,678	51,320	–	–	45,958	69,595	124,187	146,736	232,603	241,090	213,916	290,919	299,276

(i) Online Wholesale Platforms

Revenue from Online Wholesale Platforms was approximately HK$49.5 million for the six months ended 31 March 2018, and increased to approximately HK$230.0 million for the year ended 31 March 2019, mainly due to the combined effect of increased number of customers and master purchase agreements which secured part of the revenue of the Group. Set out below are the (i) revenue breakdown from Online Wholesale Platforms and (ii) number of active customers, number of monthly transactions since the Acquisition.

Table 1: Breakdown of revenue from Online Wholesale Platforms

(All amounts in HK$'000)

	2018.4.1-2019.3.31	**2017.10.1-2018.3.31**	**2017.4.1-2017.9.30**	**For the year ended 31 March 2017**
	Current Business Model		**Original Business Model**	
Online Wholesale Platforms:				
Revenue from contracted customers	144,497	–	–	–
Revenue from other customers	85,488	49,465 *(note)*	–	–
Sub–total	229,985	49,465	–	–

Note: There were 21 customers who had signed the master purchase agreements with the Group for committed sales for the year ended 31 March 2019 with aggregated contract amounts of HK$135.8 million. These customers contributed revenue of approximately HK$44.5 million for the six months ended 31 March 2018.

Since the Acquisition, the Group deployed resources to enhance the features of the Online Wholesale Platforms in order to attract customers and the Group has entered into nine master purchase agreements in first half of 2018, and further 12 master purchase agreements in second half of 2018 to secure revenue for the year ended 31 March 2019. According to CIC, the master agreement between fashion accessories platforms and purchasers is a common practice in the industry, which is the outcome of the business negotiations between the platforms and the purchasers to secure the offer price, the amount of products purchased and lead time for delivery of products.

Table 2: Number of active customers, number of monthly transaction and average monthly transaction amount since the Acquisition

	At Acquisition in November 2017	Growth	In March 2019
Number of active customers	269	1,127.5%	3,302
Number of monthly transactions	125	853.6%	1,192
Monthly transaction value *(HK$'000)*	5,162	371.9%	24,358

Since the Acquisition, the Group deployed resources to enhance the features of the Online Wholesale Platforms and conducted promotion in order to attract customers, please refer to the section headed "Sales and marketing" in this circular for more detail. The number of active customers increased from 269 to 3,302 during the period from November 2017 to March 2019.

(ii) Offline wholesales channels

The Group engaged in the trading of the fashion accessories products with PRC based customers, and it contributed revenue of approximately HK$1.9 million and HK$26.7 million to the Group for the six months ended 31 March 2018 and year ended 31 March 2019.

Set out below are the tables of the breakdown of revenue in retail segment:

Retail segment

(All amounts in HK$'000)

	Notes	2018.4.1-2019.3.31	2017.10.1-2018.3.31	2017.4.1-2017.9.30	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
		Current Business Model		Original Business Model (For the year ended 31 March)										
Third–party retail online platforms	*(i)*	12,158	–	–	–	–	–	–	–	–	–	–	–	–
Retail and Distribution Business/retailers	*(ii)*	2,451	–	–	8,730	949	8,112	49,049	44,482	90,708	121,831	152,203	273,182	297,463
		14,609	–	–	8,730	949	8,112	49,049	44,482	90,708	121,831	152,203	273,182	297,463

(i) Third-party retail online platforms

The Group recorded approximately HK$12.2 million revenue from third-party retail online platforms for the year ended 31 March 2019, which was contributed by approximately 290,000 transactions during the year. As mentioned in this circular, the Group plans to open online shops selling fashion accessories products in popular retail online platforms to gain further market share and diversify its income source from the online retail customers. In July and September 2018, the Group opened Platform A Shop and Platform B Shop, to sell its fashion accessories products to retail customers through these PRC online retail platforms.

(ii) Retail and distribution through retailers

The Group recorded approximately HK$2.5 million revenue from retail and distribution through retailers for the year ended 31 March 2019, which was contributed by one distributor in the PRC and two consignees in Hong Kong under the distributorship and consignment agreements.

The Group plans to redevelop its proprietary brand "ARTINI", targeting the affordable luxury market among mid-upper class retail customers by way of distributorship and consignment. In the third quarter of 2018, the Group entered into a distributorship agreement with a PRC distributor. According to the agreement, the distributor shall commence distribution of "ARTINI" branded products at not less than 10 retail points by 31 August 2018 and shall increase the number of retail points by not less than eight for each month from September 2018 onwards.

(b) Cost of sales

The following table sets forth the cost of sales breakdown from the year ended 31 March 2008 to the year ended 31 March 2019:

(All amounts in HK$'000)

		2018.4.1-2019.3.31	**2017.10.1-2018.3.31**	**2017.4.1-2017.9.30**	**For the year ended 31 March 2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
	Notes	**Current Business Model**		**Original Business Model**										
Purchase/manufacturing costs and others	*(i)*	185,321	38,398	248	9,016	42,626	85,947	106,063	89,163	193,118	173,247	133,619	260,054	168,911
Staff costs & depreciation	*(ii)*	–	–	–	–	–	6,850	27,969	39,530	47,249	48,674	49,017	61,676	51,402
Impairment loss on inventories		–	–	–	–	2,709	3,598	20,989	18,695	9,255	(4,056)	7,706	4,763	–
Sub-total		185,321	38,398	248	9,016	45,335	96,395	155,021	147,388	249,622	217,865	190,342	326,493	220,313
Cost of sales to total revenue		68.3%	75.3%	2.8%	60.7%	96.6%	124.0%	89.5%	77.1%	77.2%	60.0%	52.0%	57.9%	36.9%

Financial performance before Trading Suspension

Cost of sales to total revenue increased from approximately 36.9% for the year ended 31 March 2008 to approximately 124.0% for the year ended 31 March 2015 (i.e gross loss of HK$18.7 million), which was mainly due to the combined effects of inflation in staff costs, inflation in manufacturing costs and impairment loss on inventories. For detailed analysis, please refer to the sections headed "(i) Inflation in manufacturing costs" and "(ii) Inflation in staff costs" below.

Cost of sales to total revenue decreased from approximately 124.0% for the year ended 31 March 2015 to approximately 96.6% for the year ended 31 March 2016, which was mainly due to the closing down of the Group's manufacturing facilities in late 2014 in order to minimise losses from CDM Sales Business, while the cost of sales for the year ended 31 March 2016 mainly represented the direct purchase cost of finished goods from outside suppliers.

Cost of sales to total revenue decreased further from approximately 96.6% for the year ended 31 March 2016 to approximately 2.8% for the six months ended 30 September 2017, which was mainly due to the Group tried to shifts its development to Software Businesses which comprised a lower cost of sales as a result of its business nature.

Financial performance after Trading Suspension

Cost of sales to total revenue increased from approximately 2.8% for the six months ended 30 September 2017 to approximately 75.3% and 68.3% for the six months ended 31 March 2018 and year ended 31 March 2019, respectively, mainly due to the Current Business Model comprised higher cost of sales compared to that of Software Businesses. Under the Current Business Model, the Group purchased finished goods directly from outside suppliers. Since the PRC fashion accessories industry is highly fragmented with thousands of manufacturers and suppliers, it enabled the Group to purchase the finished goods with a relatively low purchase costs under to Current Business Model compared to that of traditional CDM Sales Business and Retail and Distribution Business.

(i) Inflation in manufacturing costs

(All amounts in HK$'000)

	Notes	2018.4.1-2019.3.31	2017.10.1-2018.3.31	2017.4.1-2017.9.30	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
		Current Business Model		For the year ended 31 March / Original Business Model										
Purchase/manufacturing costs and others														
– Manufacturing costs and others	*1*	–	–	–	–	–	85,947	106,063	89,163	193,118	173,247	133,619	260,054	168,911
– Purchase costs and others	2	185,321	38,342	77	8,320	42,626	–	–	–	–	–	–	–	–
– Software development costs		–	56	171	696	–	–	–	–	–	–	–	–	–
Total purchase/manufacturing costs and others		185,321	38,398	248	9,016	42,626	85,947	106,063	89,163	193,118	173,247	133,619	260,054	168,911
Manufacturing costs and others to revenue from fashion accessories business		n/a	n/a	n/a	n/a	n/a	110.6%	61.2%	46.6%	59.7%	47.7%	36.5%	46.1%	28.3%
Purchase costs and others to revenue from fashion accessories business		68.3%	74.7%	n/a	95.3%	90.9%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Note 1: Manufacturing costs and others mainly comprised of (i) raw material costs, (ii) subcontracting fees, (iii) other overhead costs and (iv) sales tax.

Note 2: Purchase costs and others mainly comprised of (i) cost of sales from inventories brought forward, (ii) purchase costs of finished goods and (iii) sales tax.

Financial performance before Trading Suspension

The manufacturing costs and others to revenue from fashion accessories business ratio increased from approximately 28.3% for the year ended 31 March 2008 to approximately 110.6% for the year ended 31 March 2015, which was mainly due to the combination effect of the unsatisfactory sales performance and continuous inflation in general price level, raw material costs and the production costs in Guangdong Province, resulting in the upward trend of the manufacturing costs to revenue ratio. The Group closed down its manufacturing facilities in late 2014, since then, the Group no longer bears any manufacturing costs and purchased finished goods from outside suppliers only.

Financial performance after Trading Suspension

Under the Current Business Model, the Group purchases finished goods from outside suppliers only and the Group no longer bears any manufacturing costs, the purchase costs and others to revenue ratio from Fashion Accessories Business decreased from approximately 110.6% for the year ended 31 March 2015 to approximately 74.7% and 68.3% for the six months ended 31 March 2018 and year ended 31 March 2019 respectively.

(ii) Inflation in staff costs

(All amounts in HK$'000)

	2018.4.1-2019.3.31	2017.10.1-2018.3.31	2017.4.1-2017.9.30	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	Current Business Model		For the year ended 31 March – Original Business Model										
Staff cost & depreciation	–	–	–	–	–	6,850	27,969	39,530	47,249	48,674	49,017	61,676	51,402
Staff cost & depreciation to total revenue	n/a	n/a	n/a	n/a	n/a	8.8%	16.1%	20.7%	14.6%	13.4%	13.4%	10.9%	8.6%

Financial performance before Trading Suspension

The staff costs and depreciation to total revenue ratio increased from approximately 8.6% for the year ended 31 March 2008 to approximately 20.7% for the year ended 31 March 2013, which was mainly due to the combination effect of the inflation in labour costs and the unsatisfactory sales performance, resulting the staff costs to total revenue ratio keep upward trend. The staff costs to total revenue ratio was approximately 8.8% and 16.1% for the years ended 31 March 2015 and 2014 respectively, due to the Group's shrinkage of the manufacturing operations and the decrease in the number of workers and respective wages and salaries for cost control purpose. The Group closed down its manufacturing facilities in late 2014, since then, the Group no longer incurred any staff cost and depreciation in relation to the manufacturing operations in the cost of sales.

Financial performance after Trading Suspension

Under the current business model, the Group purchase finished goods from outside suppliers only and hence no staff cost in relation to the manufacturing was incurred and included in the cost of sales.

(c) Gross profit/(loss)

The following table sets forth the gross profit and gross profit margin from the year ended 31 March 2008 to the year ended 31 March 2019:

(All amounts in HK$'000)

	2018.4.1-2018.9.30	2017.10.1-2018.3.31	2017.4.1-2017.9.30	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	Current Business Model		For the year ended 31 March — Original Business Model										
Gross profit (loss)	85,966	12,616	8,457	5,831	1,572	(18,688)	18,215	43,830	73,689	145,056	175,777	237,608	376,426
Gross profit (loss) margin (%)	31.7%	24.7%	97.2%	39.3%	3.4%	–24.0%	10.5%	22.9%	22.8%	40.0%	48.0%	42.1%	63.1%
Expenses to revenue ratio													
Purchase/manufacturing costs	68.3%	75.3%	2.8%	60.7%	90.9%	110.6%	61.2%	46.6%	59.7%	47.7%	36.5%	46.1%	28.3%
Staff costs & depreciation	n/a	n/a	n/a	n/a	n/a	8.8%	16.1%	20.7%	14.6%	13.4%	13.4%	10.9%	8.6%
Impairment loss on inventories	0.0%	0.0%	0.0%	0.0%	5.7%	4.6%	12.2%	9.8%	2.9%	–1.1%	2.1%	0.9%	0.0%
Total Cost of sales to total revenue	68.3%	75.3%	2.8%	60.7%	96.6%	124.0%	89.5%	77.1%	77.2%	60.0%	52.0%	57.9%	36.9%

Financial performance before Trading Suspension

The gross profit decreased from approximately HK$376.4 million for the year ended 31 March 2008 to approximately HK$8.5 million for the six months ended 30 September 2017, which was mainly due to the combination effect of (i) unsatisfactory sales performance, (ii) inflation in staff costs, (iii) inflation in manufacturing costs and (iv) impairment loss on inventories. Since the Group closed down its manufacturing facilities in late 2014, the Group no longer bear any manufacturing costs or staff costs in relation to the manufacturing operations.

Financial performance after Trading Suspension

Under the Current Business Model, cost of sale mainly comprised purchase cost of finished goods from outside suppliers. The Group recorded gross profit of approximately HK$12.6 million and HK$86.0 million for the six months ended 31 March 2018 and year ended 31 March 2019, respectively.

(d) Administrative and other expenses

The following table sets forth the breakdown of administrative and other expenses from the year ended 31 March 2008 to the year ended 31 March 2019:

(All amounts in HK$'000)

	Notes	2018.4.1-2019.3.31	2017.10.1-2018.3.31	2017.4.1-2017.9.30	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
		Current Business Model		For the year ended 31 March / Original Business Model										
Administrative and other expenses														
– Operating lease charges on retail shops	1	–	–	–	–	856	7,479	13,871	22,385	45,581	61,788	80,524	109,574	83,587
– Other staff costs & depreciation	2	8,537	3,130	1,153	1,628	6,384	16,971	33,840	45,043	78,856	76,274	88,873	124,044	80,799
– Other non-recurring/ non-operating income and expenses	3	(7,687)	4	88	(9,892)	14,787	(67,116)	23,897	8,063	6,584	63,560	14,346	21,139	1,599
– Other operating expenses	4	43,074	13,863	1,993	13,562	73,705	108,598	34,384	49,951	63,236	89,339	71,921	112,670	74,164
– Directors' remuneration		1,730	987	2,021	5,366	6,164	4,690	17,717	17,309	16,797	23,194	18,143	12,282	6,086
– Amortisation of intangible assets		36	15	–	–	–	–	–	1,500	5,225	3,699	3,391	1,044	–
– Finance costs		7	6	9	24	10	2,148	1,346	1,630	1,702	3,630	1,256	1,022	3,996
– Other revenue		(444)	(22)	(23)	(809)	(315)	(486)	(1,262)	(3,152)	(2,985)	(2,482)	(2,850)	(5,504)	(246)
– Impairment loss on goodwill		–	141,000	–	8,647	–	–	–	–	7,123	–	–	–	–
Sub-total		45,253	158,983	5,241	18,526	101,591	72,284	123,793	142,729	222,119	319,002	275,604	376,271	249,985
Percentage to total revenue		16.7%	311.6%	60.2%	124.8%	216.6%	93.0%	71.5%	74.6%	68.7%	87.9%	75.3%	66.7%	41.9%

Notes:

1. Operating lease charges, mainly included minimum lease payments and turnover rent paid for the retail stores, rental charges for billboards for advertising purpose and rental expense for office premises.

2. Other staff costs and depreciation, mainly included (i) staff salaries, wages and other benefits for management, office staff and retail store personnel; and (ii) depreciation for leasehold improvements, office furniture, fixtures, equipment and other fixed assets.

3. Other non-recurring or non-operating income and expenses, mainly included (i) gain or loss on disposal of subsidiaries; (ii) written off, impairment loss, gains or loss on disposal of property, plant and equipment; (iii) impairment loss or respective reversal of impairment loss on trade and other receivables or payables; (iv) share-based payments expenses for consultants and others.

4. Other operating expenses, mainly included advertising and promotion expenses, and exhibition expenses. Relatively large proportion of other operating expenses was noted for the years ended from 31 March 2008 to 2011, which mainly was due to the Group's various marketing and promotion activities in building the "Artini" brand name through advertising on printed media, billboard and engaging celebrities as brand ambassador etc. A decreasing trend of such expense was noted since the year ended 31 March 2011 up to the year ended 31 March 2014 due to the decrease in the Group's scale of operation. A significant large amount of other operating expenses was noted for the years ended 31 March 2015 and 2016, due to the Group's various marketing and promotion activities, such as market trend analysis, outsourcing certain marketing functions for promotion of the "ARTINI" brand name etc, for boosting revenue and sourcing new sales channels upon the closure of the manufacturing facilities and majority of the physical shops.

Financial performance before Trading Suspension

As shown in the above table, the major operating cost comprised of (i) operating lease charges, (ii) other staff costs and depreciation and (iii) other operating expenses, and resulted in a downward trend since the year ended 31 March 2009 up to the six months ended 30 September 2017. Such downward trend was mainly due to the Group gradually decrease its scale of Retail and Distribution Business. For detailed analysis, please refer to the section headed "Burdens from maintaining physical shops" below.

Financial performance after Trading Suspension

Under the Current Business Model of the Group, a majority portion of the Group's revenue was generated from online sales transaction, hence the rental expenses and the relevant staff costs in relation to physical shops were saved.

Burdens from maintaining physical shops

Set out below are the breakdown of operating lease charges on retail shops and other staff costs and depreciation:

Table 3: Operating lease charges on retail shops from the year ended 31 March 2008 to the year ended 31 March 2019:

(All amounts in HK$'000)

	2018.4.1-2019.3.31	2017.10.1-2018.3.31	2017.4.1-2017.9.30	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	Current Business Model		For the year ended 31 March — Original Business Model										
Operating lease charges on retail shops	–	–	–	–	856	7,479	13,871	22,385	45,581	61,788	80,524	109,574	83,587
Percentage to revenue	n/a	n/a	n/a	n/a	1.8%	9.6%	8.0%	11.7%	14.1%	17.0%	22.0%	19.4%	14.0%
Analysis:													
Number of retail points	n/a	n/a	n/a	n/a	1	5	15	30	50	120	150	186	138
Average operating lease charges per retail point	n/a	n/a	n/a	n/a	856	1,496	925	746	912	515	537	589	606

Table 4: Other Staff costs and depreciation from the year ended 31 March 2008 to the year ended 31 March 2019:

(All amounts in HK$'000)

	2018.4.1-2019.3.31	2017.10.1-2018.3.31	2017.4.1-2017.9.30	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	Current Business Model		For the year ended 31 March — Original Business Model										
Other staff costs & depreciation	8,537	3,130	1,153	1,628	6,384	16,971	33,840	45,043	78,856	76,274	88,873	124,044	80,799
Other staff costs & depreciation to total revenue	3.2%	6.1%	13.2%	11.0%	13.6%	21.8%	19.5%	23.6%	24.4%	21.0%	24.3%	22.0%	13.5%

Table 5: Total Staff costs from the year ended 31 March 2008 to the year ended 31 March 2019:

(All amounts in HK$'000)

	2018.4.1-2019.3.31	2017.10.1-2018.3.31	2017.4.1-2017.9.30	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	Current Business Model		For the year ended 31 March Original Business Model										
Staff cost & depreciation (under cost of sales)	–	–	–	–	–	6,850	27,969	39,530	47,249	48,674	49,017	61,676	51,402
Staff cost & depreciation (under administrative and other expenses)	8,537	3,130	1,153	1,628	6,384	16,971	33,840	45,043	78,856	76,274	88,873	124,044	80,799
Total staff cost & depreciation of the Group	8,537	3,130	1,153	1,628	6,384	23,821	61,809	84,573	126,105	124,948	137,890	185,720	132,201
Less: total depreciation expense	(625)	(191)	(122)	(401)	(1,218)	(4,113)	(8,173)	(13,136)	(27,710)	(21,438)	(21,505)	(33,154)	(14,045)
Total staff cost of the Group	7,912	2,939	1,031	1,227	5,166	19,708	53,636	71,437	98,395	103,510	116,385	152,566	118,156
Total number of staff	57	27	29	14	15	60	560	1,000	1,690	1,900	2,290	3,775	3,435
Average staff cost per headcount	139	109	36	88	344	328	96	71	58	54	51	40	34

Financial performance before Trading Suspension

Operating lease charges on retail shops

As shown in table 3, there is an upward trend in the average operating lease charges per retail point and a downward trend in the number of physical shops since 2009. This was mainly due to the increasing operating costs, especially the staff cost and rental expenses of the physical shops, hence the Group tends to gradually decrease its scale of Retail and Distribution Business in order to minimal the respectively costs, and all the retails shops in Hong Kong and the PRC has been closed down in early 2014 and mid-2016. Rental expense of the physical shops to total revenue ratio decreased from approximately 19.4% for the year ended 31 March 2009 to approximately 1.8% for the year ended 31 March 2016 upon the closure of nearly all the physical shops.

Other staff costs & depreciation

As shown in table 4, there is an upward trend in other staff costs and deprecation to total revenue from approximately 13.5% for the year ended 31 March 2008 to approximately 21.8% for the year ended 31 March 2015, which was mainly due to unsatisfactory sales performance of the retail business of the Group in contrast with the continuous inflation in the employment costs. As shown in table 5, there is an upward trend in the average staff cost per headcount of the Group from HK$34,000 for the year ended 31 March 2008 to HK$328,000 for the year ended 31 March 2015. It became more and more expensive for the Group to keep sales staff and store supervisors in each retail shop. In view of this, the Group gradually decreased its scale of retail operations and the last retail shop was also closed down in mid-2016, which resulted in a slight fall back of respective costs and expenses afterwards.

Financial performance after Trading Suspension

Under the Current Business Model of the Group, majority portion of the Group's revenue was generated from online sales transaction, hence the whole rental expense and other staff costs in relation to physical shops was saved.

(e) Profit/(loss) for the year

The following table sets forth the net profit or loss and major cost structure from the year ended 31 March 2008 to the year ended 31 March 2019:

(All amounts in HK$'000)

	2018.4.1-2019.3.31	2017.10.1-2018.3.31	2017.4.1-2017.9.30	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	Current Business Model		For the year ended 31 March / Original Business Model										
Profit/(loss) for the year/(period)	31,043	(148,218)	3,179	(14,390)	(100,030)	(90,990)	(108,320)	(109,028)	(144,291)	(176,717)	(100,449)	(140,529)	110,024
Net profit/(loss) margin	11.4%	–290.5%	36.5%	–96.9%	–213.3%	–117.1%	–62.5%	–57.0%	–44.6%	–48.7%	–27.4%	–24.9%	18.4%
			Expenses to revenue ratio										
Major cost structure													
Under cost of sales													
– Manufacturing costs and others	n/a	n/a	n/a	n/a	n/a	110.6%	61.2%	46.6%	59.7%	47.7%	36.5%	46.1%	28.3%
– Purchase costs and others	68.3%	75.2%	0.9%	56.0%	90.9%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
– Impairment loss on inventories	0.0%	0.0%	0.0%	0.0%	5.7%	4.6%	12.2%	9.8%	2.9%	–1.1%	2.1%	0.9%	0.0%
– Staff costs & depreciation	n/a	n/a	n/a	n/a	n/a	8.8%	16.1%	20.7%	14.6%	13.4%	13.4%	10.9%	8.6%
Sub-total	68.3%	75.2%	0.9%	56.0%	96.6%	124.0%	89.5%	77.1%	77.2%	60.0%	52.0%	57.9%	36.9%
Other cost structure													
Under administrative and other expenses													
– Staff costs & depreciation	3.2%	6.1%	13.2%	11.0%	13.6%	21.8%	19.5%	23.6%	24.4%	21.0%	24.3%	22.0%	13.5%
– Operating lease charges on retail shops	n/a	n/a	n/a	n/a	1.8%	9.6%	8.0%	11.7%	14.1%	17.0%	22.0%	19.4%	14.0%
Sub-total	3.2%	6.1%	13.2%	11.0%	15.4%	31.4%	27.5%	35.3%	38.5%	38.0%	46.3%	41.4%	27.5%
Total percentage	71.5%	81.3%	14.1%	67.0%	112.0%	155.4%	117.0%	112.4%	115.7%	98.0%	98.3%	99.3%	64.4%

Financial performance before Trading Suspension

Due to (i) the unsatisfactory sales performance, (ii) the inflation in manufacturing cost and staff costs expenses and (iii) impairment loss on inventories, the Group recorded a loss from CDM Sales Business (the "**Burden from inflation in manufacturing cost**"). As a result, the aggregated (i) manufacturing cost to total revenue ratio and (ii) staff cost and depreciation (cost) to total revenue ratio and (iii) impairment loss on inventories to revenue ratio shown an upward trend during the year ended 31 March 2008 to the year ended 31 March 2015. In late 2014, the Group changed the business strategy and closed down its manufacturing facilities, hence no manufacturing costs and staff cost in relation to the manufacturing was incurred and included in the cost of sales since the year ended 31 March 2016.

Due to (i) the unsatisfactory sales performance, (ii) average operating lease charges per retail point shown an upward trend and (iii) the inflation in other staff costs and depreciation expenses, the Group recorded a losses from Retail and Distribution Business (the "**Burden from maintaining physical shops**"). As a result, the aggregated (i) rental expenses of the physical shops to total revenue and (ii) staff costs and depreciation under administrative expenses shown an upward trend during the year ended 31 March 2008 to the year ended 31 March 2015. The Group changed the business strategy and closed down all of the physical shops in Hong Kong and the PRC in early 2014 and mid 2016 respectively. Accordingly, the rental expenses of the physical shops to total revenue ratio and other staff cost to total revenue have shown a declining trend during the same period.

Due to the combined effect of abovementioned burdens, the major operating cost to the total revenue ratio increased from approximately 64.4% for the year ended 31 March 2008 to approximately 112.0% for the year ended 31 March 2016. Upon the closure of manufacturing facilities, physical shops during 2014 to 2016, the abovementioned burdens were relieved. The major operating cost to the total revenue ratio amounted of approximately 67.0% for the year ended 31 March 2017 as the Group focused on Software Businesses at that time. Having said that, the Group recorded net loss of approximately HK$14.4 million and HK$145.0 million for the year ended 31 March 2017 and 2018, which was mainly due to the non-recurring expenses, such as impairment of goodwill of approximately HK$8.6 million and share based payment of HK$6.6 million for the year ended 31 March 2017 and impairment of goodwill of approximately HK$141.0 million for the year ended 31 March 2018.

Financial performance after Trading Suspension

Due to the revitalisation of the Fashion Accessories Businesses since November 2017, majority portion of the Group's revenue was generated from Online Wholesales Platform. The Current Business Model does not bear any manufacturing related costs or rely on physical retail points to distribute its product, hence the rental expenses of the Group are much lower than before the Trading Suspension. Therefore, the major operation costs to the total revenue ratio decreased to approximately 71.5% for the year ended 31 March 2019 which is generally lower than that of before the Trading Suspension.

(B) Key Financial Ratio Analysis

The following table sets forth a summary of the key financial ratio of the Group from 2008 to 2019:

(All amounts in HK$'000)

		For the year ended 31 March											
	Notes	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Inventory turnover days[1]	*(a)*	39	9	10	16	31	57	125	108	128	121	63	70
Trade receivables turnover days[2]	*(b)*	8	89	779	150	65	47	52	42	40	37	33	30
Trade payables turnover days[3]	*(c)*	22	18	781	169	19	15	26	16	14	14	8	13

Notes:

(1) Calculated as the average of the beginning and closing balances of inventories for the relevant year divided by cost of sales of the same year and multiplied by 365 days.

(2) Calculated as the average of the beginning and closing balances of trade receivables for the relevant year divided by revenue of the same year and multiplied by 365 days.

(3) Calculated as the average of the beginning and closing balances of trade payables for the relevant year divided by cost of sales of the same year and multiplied by 365 days.

(a) Inventory turnover days

Financial performance before Trading Suspension

During the six years ended 31 March 2013, as the sales performance was unsatisfactory, resulting in certain level of obsolete inventories which led to an increase in the inventories turnover days from 70 days for the year ended 31 March 2008 to 125 days for the year ended 31 March 2013. The inventory turnover days decreased to 57 days for the year ended 31 March 2014 and further decreased to 31 days for the year ended 31 March 2015 upon the closure of manufacturing facilities and the Group no longer kept any raw materials and finished goods but purchased finished goods from outside suppliers only.

Financial performance after Trading Suspension

Under the Current Business Model, the inventory turnover days were in general less than 40 days, as the Group no longer keeps any raw materials but only purchased finished goods from outside suppliers which enables the Group to maintain a relatively low inventory level.

(b) Trade receivables turnover days

Financial performance before Trading Suspension

During the six years ended 31 March 2015, the Group has maintained stable trade receivable turnover days for a range of 30-65 days which was in line with credit terms provide to different customers (i.e 30 days to 60 days).

For the years ended 31 March 2016 and 2017, the trade receivable turnover days increased significantly to 150 days for the year ended 31 March 2016 and further to 779 days for the year ended 31 March 2017, which was mainly because the Group provided a long credit term for the largest trading customer during that period of time. The Group has been monitoring the recoverability and such amounts was fully settled.

Financial performance after Trading Suspension

Under the Current Business Model, the Group generally offers credit terms to customers ranging from 30 to 60 days, hence the trade receivable turnover days decreased to 89 days for the year ended 31 March 2018 and further to 8 days for the year ended 31 March 2019 since majority of the sales was generated through the online sales channels which generally demanded prompt payment settlement prior to the delivery of goods.

(c) Trade payables turnover days

Financial performance before Trading Suspension

During the eight years ended 31 March 2015, trade payables mainly represented the acquisition of raw materials from the PRC suppliers and a stable trade payables turnover days of less than 30 days were maintained under the Original Business Model.

As discussed above, the Group provided a long credit term for the largest trading customer during the two years ended 31 March 2017. In view of that, Group delayed its payment to its supplier during the same period of time in order to maintain certain level of operating cash position of the Group.

Financial performance after Trading Suspension

Trade payables turnover days were approximately 18 days and 22 days for the year ended 31 March 2018 and 31 March 2019, respectively, which fall within the range of payment terms with suppliers under the Current Business Model (i.e credit terms was between 30 days to 90 days).

(c) Financial analysis comparing the Current Business Model of the Group and the market peers

Financial ratios	The Group (For the year ended 31 March 2019)	Market range in 2018 advised by CIC
Turnover growth	354.3%	30%-50%
Gross profit growth	307.9%	20%-30%
Net profit growth, before non-operating items	2,224.5%	20%-30%
Gross profit margin	31.7%	20%-30%
Net profit margin before interest & tax	15.0%	10%-15%
Net profit margin	11.4%	0%-10%
Inventory turnover days	39	15-30
Debtors' turnover days	8	5-15
Creditors' turnover days	22	20-30

Financial ratio analysis

(a) Growth ratios:

As shown in the table above, the growth rate of the Group was significantly greater than the market in terms of turnover growth (354.3% vs. 30%-50%), gross profit growth (307.9% vs. 20%-30%), and net profit growth (2,224.5% vs. 20%-30%). The growth of the market was relatively low compared with the Group, mainly because the base year for calculating the growth of the Group is relatively lower than that of the market peers. The detailed analysis on the growth of the Group because of the revitalization of the Fashion Accessories Businesses can be referred to the above section headed "(a) Revenue".

(b) Margin ratios:

As shown in the table above, both gross profit margin and net profit margin was close to the range of the market, 31.7% vs. 20%- 30% for the former, and 11.4% vs. 0%-10% for the later.

(c) Turnover Days

According to the data provided by CIC, the debtors' turnover days and creditors' turnover days of the Group are within market range. While the inventory turnover days are greater than the market range, which was mainly due to the management of the Group increased the general inventory level in early 2019 in order to meet the increasing demand from customers given the quarterly revenue from the Online Wholesale Platforms shown an upward trend since second quarter of 2018.

Capital Expenditures and Commitments

During the year ended and as of 31 March 2019, the Group did not have any significant capital expenditures and commitments.

Contingent Liabilities

As of 31 March 2019, the Group did not have any unrecorded significant contingent liabilities, guarantees or any litigation against it.

Off-Balance Sheet Commitments and Arrangements

As of 31 March 2019, the Group had not entered into any off-balance sheet transactions.

Staff and Employees

As of 31 March 2019, the Group employed a team of 64 staff members of which 53 are operation staff in the Integrated Fashion Accessories Platform Business. In view of the recent good performance of the Integrated Fashion Accessories Platform Business and the development in new channels such as the retail and distribution channels, the Group has been expanding its staff scale to support the growth.

Set forth below is the breakdown of the Group's staff as of Trading Suspension, 31 March 2018, 31 March 2019 and 31 May 2019:

Department	As at Trading Suspension	31 March 2018	31 March 2019	31 May 2019
Procurement and warehouse	–	2	6	7
Marketing and promotion	–	2	5	5
Offline sales	–	–	7	10
Design	–	–	5	5
Online platform servicing	–	9	13	14
Information Technology	–	4	6	6
Administrative	1	2	5	5
Accounting	4	4	6	7
Operation level	5	23	53	59
Corporate management	11	13	11	12
Total	16	36	64	71

Directors and Senior Management

Biographical details of the Directors and senior management of the Group

Set out below are the biographical details of the Directors and senior management of the Group:

Executive Directors

Mr. TSE Hoi Chau, aged 52, was appointed as the chairman of the Board, an executive Director and a member of the remuneration committee and the nomination committee of the Company on 10 December 2012 and was further appointed as chief executive officer of the Company on 21 June 2013. He is also one of the authorised representatives of the Company under Rule 3.05 of the Listing Rules. He possesses more than 20 years' experience in the fashion ornament and jewellery wholesale industry. He is a member of the Standing Committee of the People's Political Consultative Conference of Shanwei City, Guangdong Province, a committee member of the People's Political Consultative Conference of Liwan District, Guangzhou City, Guangdong Province, the deputy-chairman of the Gems & Jewellery Trade Association of China, and the deputy-chairman of the Guangdong Chamber of Private Enterprise. Mr. Tse is the spouse of Ms. Yu Zhonglian, an executive Director and the brother-in-law of Mr. Lin Shao Hua, an executive Director.

Mr. LIN Shao Hua, aged 59, was appointed as an executive Director on 28 June 2013. He has extensive experience in managing the manufacturing of jewellery. He was a member of the Hai Feng County Committee of the Chinese People's Political Consultative Conference (海豐縣政協委員) in 2006. Mr. Lin was an executive Director from 17 July 2009 to 31 October 2011. Mr. Lin is the brother-in-law of Mr. Tse Hoi Chau.

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 an executive Director with effect from 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 fellow member of the Association 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 CAA Resources Limited (Stock code: 2112) which is listed on the main board of the Stock Exchange.

Ms. YU Zhonglian, aged 52, was appointed as an executive Director with effect from 1 February 2017 and is responsible for the Group's marketing operations and human resources management. Ms. Yu has more than 10 years' experience in retail and wholesale business. Leveraging on her fashion jewellery trading experience, the Board believes Ms. Yu can provide valuable advice on the direction of the Group's new product and marketing strategy. Ms. Yu is the spouse of Mr. Tse Hoi Chau.

Independent non-executive Directors

Mr. LAU Fai Lawrence, aged 47, was appointed as an independent non-executive Director on 23 April 2008. He is also the chairman of the audit committee and the nomination committee of the Company and a member of the remuneration committee of the Company. Mr. Lau has extensive experience in accounting, corporate finance and auditing. He is a practising certified public accountant in Hong Kong and is currently the company secretary of BBMG Corporation (Stock code: 2009) which is listed on the main board of the Stock Exchange. Before joining BBMG Corporation, he was the Group Financial Controller of Founder Holdings Limited (Stock code: 418) and Peking University Resources (Holdings) Company Limited (Stock code: 618), both of which are listed on the main board of the Stock Exchange. Mr. 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 fellow member of 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 (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 (Stock code: 2323) since March 2016, an independent non-executive director of Tenwow International Holdings Limited (Stock code: 1219) since November 2018, a non-executive director of Alltronics Holdings Limited (Stock code: 833) from March 2017 to December 2018, and an independent non-executive director of Winto Group (Holdings) Limited (Stock code: 8238) since April 2019, all of which are listed on the Stock Exchange.

Mr. LAU Yiu Kit, aged 59, was appointed as independent non-executive Director on 1 December 2010. He is also a member of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Lau is the sole proprietor and founder of Albert Y.K. Lau & Co., Certified Public Accountants. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Institute of Chartered Accountants in England and Wales and the Taxation Institute of Hong Kong. Mr. Lau was appointed on 23 March 2015 as independent non-executive director of Titan Petrochemicals Group Limited (which is listed on the main board of the Stock Exchange) and resigned from that position on 30 September 2015. He was also appointed on 16 September 2015 as independent non-executive director of FDB Holdings Limited (Stock code: 1826), which listing was transferred from the Growth Enterprise Market (now known as GEM) to the main board of the Stock Exchange in July 2017, and he resigned from that position on 12 January 2018.

Mr. ZENG Zhaohui, aged 48, was appointed as independent non-executive Director on 1 October 2014. He is also the chairman of the remuneration committee, a member of the audit committee and the nomination committee of the Company. He is a practicing lawyer in China, and has practiced for more than 20 years since 1994. He graduated from Zhongshan University. He 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 Deputy 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 a lawyer of Guangdong Right Word Law Firm.

Senior management

Ms. LI Jun was engaged as a consultant of the Company in July 2018 to provide valuable advice to the development of the proprietary brand "ARTINI", in relation to strategic planning, sales strategies, sourcing business partners, etc.. Ms. Li is in charge of the retail and distribution channels of the Integrated Fashion Accessories Platform Business. Ms. Li was the president of the retail division of the Group from October 2006 to February 2009 responsible for the management and development of the retail business of the Group, in particular overseeing operation of the "ARTINI" brand. Ms. Li has over 21 years of managerial experience in retail business in the PRC. Ms. Li is currently the sole owner and the general manager of a retailer company which has a network of over 400 offline retail physical point of sales and over 20 online shops in the PRC and which is currently a distributor of the Group. Ms. Li holds a degree in business administration from the 中央廣播電視大學 (Central Radio and Television University).

Mr. ZHANG Xiaohua was appointed as the chief operating officer of the Company with effect from 22 November 2017. Mr. Zhang is responsible for overseeing the business development of the Online Wholesale Platforms. Mr. Zhang has more than 22 years of experience in operating and managing companies that are in the fashion accessories retail industry. He has completed an EMBA programme at the Cheung Kong Graduate School of Business in September 2018. He also holds a graduate degree in business administration from the Hunan Agricultural University (湖南農業大學) in the PRC.

Ms. CAI Li Hua was appointed as the sales manager in July 2018 and is responsible for the operation of the third-party retail online platforms of the Integrated Fashion Accessories Platform Business. Ms. Cai graduated from the South China University of Technology with a bachelor's degree in business administration. Ms. Cai has over eight years of experience in management of operation of online platforms.

Ms. LIU Yuan Yuan was appointed as business manager in July 2017 and is responsible for the operation of the Online Wholesale Platforms. Ms. Liu has approximately eight years of experience in online sales and customer services. Prior to joining the Group, Ms. Liu worked as supervisory roles in various companies engaged in online sales.

Ms. LO Ka Man was appointed as retail manager in September 2018 and is responsible for the retail channels in Hong Kong. Ms. Lo has over 19 years of experience in retail sales. Ms. Lo was a regional sales manager of the Group's Fashion Accessories Businesses from November 2005 to March 2014.

Ms. CAI Jia Lin was engaged as a consultant of the Company in September 2018 to supervise the Group's design team. Ms. Cai graduated with a bachelor of arts degree in jewellery design in Central Saint Matins College of Art & Design in the University of Arts London in 2010. Ms. Cai has over eight years of design experience in the jewellery and fashion accessories. Ms. Cai is the founder of the brand "Crawford Jewel Lounge: Fantasy of Bling" and is currently a partner and designer director of the brand "Jacky Tsai Limited".

Mr. ZHANG Shi Jie was appointed as the manager of information technology of the Group in July 2017. Mr. Zhang is responsible for overseeing the department of information technology. Mr. Zhang graduated with a degree of computer application and maintenance in the North China University of Water Resources and Electric Power# (華北水利水電學院) in 2004. Mr. Zhang has over 14 years of experience in information technology. Prior to joining the Group, Mr. Zhang worked as programmer and senior programmer in various information technology companies.

Ms. HO Wing Yan was appointed as the company secretary and one of the authorised representatives of the Company under Rule 3.05 of the Listing Rules with effect from 9 December 2017. Ms. Ho has 10 years of experience in serving as a company secretary of companies listed on the Stock Exchange and providing related company secretarial services. She is an associate member of The Hong Kong Institute of Chartered Secretaries ("**HKICS**") and The Institute of Chartered Secretaries and Administrators. She is also a holder of the Practitioner's Endorsement issued by HKICS.

Management and supervision by the Directors and senior management in relation to the Integrated Fashion Accessories Platform Business

The Board comprises Directors with relevant experience and expertise in relation to the Integrated Fashion Accessories Platform Business. Mr. TSE Hoi Chau, the chairman of the Board, an executive Director and the chief executive officer of the Company, possesses more than 20 years' experience in the fashion ornament and jewellery wholesale industry. Mr. LIN Shao Hua, an executive Director, has over 20 years of experience in factory management and product development and has extensive experience in managing the manufacturing of jewellery. Ms. YU Zhonglian, an executive Director, has more than 10 years' experience in retail and wholesale business. In addition, the Group also formed strong management teams in relation to different distribution channels of the Integrated Fashion Accessories Platform Business, as more details below.

Online Wholesale Platforms

The Online Wholesale Platforms are led by Mr. Zhang Xiaohua, the chief operating officer of the Company, and assisted by Ms. Liu Yuan Yuan, the business manager of the Company. Mr. Zhang formulates and implement business development strategies and sets comprehensive performance goals for the Online Wholesale Platforms and evaluate the performance from time to time. Ms. Liu focuses on the overall operation of the Online Wholesale Platforms, including user experience enhancement, international market positioning, customer behaviour management and analysis, market analysis and product organisation.

Mr. Zhang has completed an EMBA programme at the Cheung Kong Graduate School of Business in September 2018. He has over 13 years' experience in corporate management and more than 22 years of experience in operating and managing companies that are in the fashion accessories retail industry. He also has experience in managing businesses in providing information platform and e-commerce platform, such as the provision of information on corporate training courses.

Ms. Liu has over eight years of experience in online sales and customer services.

The Directors consider Mr. Zhang a very experienced market player in the fashion accessories industry. Through his experience, he has built up substantial connection with various industry players, including business customers, suppliers and manufacturers. With the assistance of Ms. Liu who has sold experience in the online sales and customer services, the team of the Online Wholesale Platform will establish stable relationship with its suppliers, secure long-term relationship with its business customers, and continue to implement its strategies for its sustainable development.

Retail and distribution

Ms. Li Jun, the consultant of the Company, is in charge of the retail and distribution channels of the Integrated Fashion Accessories Platform Business, including the third-party retail online platforms and the distributorship and consignment arrangements. Ms. Li also oversees the development of the proprietary brand "ARTINI", in relation to strategic planning, sales strategies, sourcing business partners, etc..

Ms. Li was the president of the retail division of the Group from October 2006 to February 2009 responsible for the management and development of the retail business of the Group, in particular overseeing operation of the "ARTINI" brand. She was instrumental in developing the "ARTINI" brand into a national brand in the PRC. Through the introduction of Ms. Li, the Group entered into a distributorship agreement with the Distributor (which has a network of over 400 offline physical point of sales (including boutiques, pop-up shops, shop-in-shops, etc.) and over 20 online shops in the PRC) for the distribution of its "ARTINI" branded fashion accessories products through offline and online channels in the PRC. Ms. Li has over 21 years of managerial experience in retail business in the PRC.

The Directors consider that Ms. Li, through her experience in overseeing the Group's previous retail division and her subsequent substantial experience in the retail market in the PRC, will be capable of leading the Group's revitalised retail business into the new modern era, and rebuilding the Group's "ARTINI" brand in the fashion accessories industry. The Company considers the engagement of Ms. Li as a consultant is highly beneficial for the rebranding of "ARTINI" and the operation of the retail and distribution channels as well as the strategic development of the whole Integrated Fashion Accessories Platform Business.

Ms. Li is assisted by Ms. Cai Li Hua, the sales manager of the Group, and Ms. Lo Ka Man, a retail manager of the Group, who supervises the operations of the third-party retail online platforms and the distributorship and consignment arrangements respectively. Ms. Cai conducts data analysis on the third-party retail online platforms and formulate improvement plans on the performance of the online platforms. Ms. Lo oversees the sales of fashion accessories products in third-party points of sales, evaluate the performance of distributor/consignee, and review the popularity of products.

The Group's operation teams of retail and distribution channels also collaborate and provide feedbacks to its design team, with a view to organise the development of its own-branded and/or self-designed fashion accessories products. The Group's design team is led by Ms. Cai Jia Lin, a consultant of the Company, who was graduated in jewellery design in Central Saint Matins College of Art & Design in the University of Arts London and has founded her own brand "Crawford Jewel Lounge: Fantasy of Bling". The Directors consider Ms. Cai, a renowned artist in the jewellery industry and through her experience and connections, the Group will be able to launch innovative and popular designs, as well as explore opportunities of collaboration with other brands with significant presence in the industry.

With the strong team of Directors, senior management and consultants who have solid experience in the industry, the Directors are confident that the Group will be able to formulate a long-term and sustainable business development plan for its Integrated Fashion Accessories Platform Business.

Regulatory Overview

In relation to foreign investment

Any investment in the PRC by foreign investors and foreign-invested enterprises (the "**Foreign Party**") is governed by the Guidance Catalogue of Industries for Foreign Investment (外商投資產業指導目錄) (the "**Catalogue**"), which was promulgated and implemented on 28 June 1995, respectively amended on 31 December 1997, 11 March 2002, 30 November 2004, 31 October 2007, 24 December 2011, 10 March 2015 and 28 June 2017. The version of the Catalogue currently in effect was jointly promulgated by MOFCOM and the National Development and Reform Commission (the "**NDRC**") on 28 June 2017, effective from 28 July 2017. The Catalogue divides foreign investment industries into three categories: the encouraged industries, the restricted industries, and the prohibited industries, the latter two of which are subject to the Special Administrative Measures for Access of Foreign Investments (Negative List for Access of Foreign Investments) (2018 Version) (外商投資准入特別管理措施(負面清單)(2018年版)) (the "**Negative List**"), which became effective on 28 July 2018. According to the Catalogue, industries listed in the encouraged category are opened to the Foreign Party who usually can further enjoy supportive policies of the local government. Investment in the restricted industries can only be conducted by the Foreign Party within the scope of the relevant regulatory authority's approval or in the form of Sino-foreign equity or contractual joint ventures (usually with Chinese investors as the majority shareholder required). Prohibited industries are closed to foreign investment. Industries which are not listed in the Catalogue are generally classified as the permitted category. We do not engage in any restricted or prohibited industries for foreign investment.

In relation to sales on online platforms

The major PRC laws and regulations applicable to the Online Wholesale Platforms and third party retail online platforms are the laws and regulations relating to importation and exportation of good.

Pursuant to the Customs Law of the PRC (中華人民共和國海關法) promulgated by the SCNPC on 22 January 1987, and subsequently amended on 8 July 2000, 29 June 2013, 28 December 2013, 7 November 2016 and 4 November 2017 and the related regulations, the declaration of import and export goods maybe made by consignees and consignors themselves, and such formalities may also be completed by their entrusted PRC Customs brokers who are registered with the PRC Customs. The consignees and consignors for import or export goods and the customs declaration enterprise shall register with the PRC Customs themselves for declaration activities at customs, and anyone who is not registered at the customs shall not conduct declaration activities.

Pursuant to the Administrative Provisions for the Registration of Customs Declaration Agents by the PRC Customs Authorities (中華人民共和國海關報關單位註冊登記管理規定), which was promulgated and came into effect on 13 March 2014 and subsequently revised on 20 December 2017 and 29 May 2018, the consignors or consignees of import or export goods shall go through registration formalities with their local Customs authorities in accordance with the applicable provisions. After completing the registration formalities with the Customs authorities, consignors or consignees of import or export goods may handle their own declarations at any customs port or any locality where customs supervisory affairs are concentrated within the customs territory of the PRC. A PRC Customs Declaration Registration Certificate for Consignor or Consignee of Importer Export Goods shall be valid for a period of two years.

For the delivery of the products to the registered customers of the Online Wholesale Platforms, the Group had engaged delivery agents such as DHL, UPS, FedEx, Aramex, and EMS to act as the Customs brokers of the Group and facilitate the Customs declaration. To the best knowledge of the Directors having made reasonable enquiries, the Group has made, through the delivery agents, appropriate declaration to the PRC Customs, and had received no notice from the PRC Customs regarding any non-compliances over the delivery of the products.

In relation to commercial retail sector

The PRC started to open its retail industry to foreign investment in the early 1990s. In 1992, the State Council introduced qualifications and conditions for foreign investment in commercial retail enterprises with the promulgation of the Approval and Reply Concerning the Use of Foreign Investment in the Commercial Retail Sector (關於商業零售領域利用外資問題的批覆). The Administrative Measures for Fair Transactions between Retailers and Suppliers (零售商供應商公平交易管理辦法), which was jointly promulgated by the NDRC, the MOFCOM, the Ministry of Public Security, the State Administration for Industry (the "**SAIC**") and Commerce and the State Administration of Taxation on (the "**SAT**") 13 October 2006, and became effective on 15 November 2006, provides the code of business conduct, collection of charges, payment of purchases, return policies and punishments between retailers and suppliers during the transactions. It requires that the dealing conducted by retailers and suppliers shall be in accordance with the principle of legitimacy, willingness, fairness, good faith and may not interfere the market dealing order of fairness and competition and may not infringe the legal rights of the counter parties.

The Measures for Administration on Sales Promotion Acts of Retailers (零售商促銷行為管理辦法) jointly promulgated by the MOFCOM, the NDRC, the Ministry of Public Security, the State Administration of Taxation, the SAIC of the PRC on 12 September 2006, and became effective on 15 October 2006, provide the standards and requirements of retailers' sales promotion and advertisement. It sets out that a retailer, when undertaking sales promotion activities, shall follow the principles of lawfulness, fairness and good faith and observe the commercial ethics, and may not undertake any sales promotion activity in violation of social moralities, disturb the market competition order and the social public order or impair the lawful rights and interests of consumers and other business operators.

In relation to taxation

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "**EIT Law**"),which became effective on 1 January 2008 and amended on 24 February 2017 and 29 December 2018, and its implementation rule – the Regulation on Implementation of the EIT Law of the PRC (中華人民共和國企業所得稅法實施條例) which was promulgated on 6 December 2007 and effective on 1 January 2008, tax payers are divided into resident enterprise and non-resident enterprise. A resident enterprise refers to an enterprise that is established inside the PRC, or which is established under the law of a foreign country (region) but whose actual institution of management is inside the PRC. A resident enterprise shall pay the enterprise income tax on its incomes derived from both inside and outside the PRC at the rate of 25%. A non-resident enterprise refers to an enterprise established under the law of a foreign country (region), whose actual institution of management is not inside the PRC, but has offices or establishments inside the PRC; or which does not have any offices or establishments inside the PRC but has income originating from the PRC. A non-resident enterprise having offices or establishments inside the PRC shall pay enterprise income tax on its incomes derived from the PRC as well as on incomes derived from outside the PRC but which has real connection with the said offices or establishments at the rate of 25%. A non-resident enterprise having no office or establishment inside the PRC, or whose incomes have no actual connection to its institution or establishment inside the PRC shall pay enterprise income tax on the incomes derived from the PRC at the rate of 10%.

Value-Added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例), last amended on 19 November 2017 and effective on the same day, and its implementation rule – the Interim Regulations of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例實施細則), last amended on 28 October 2011 and effective on 1 November 2011, all entities or individuals in the PRC engaging in the sale of goods, providing labor services of processing, repairs or maintenance, or selling services, intangible assets or real property in PRC or importing goods to PRC are required to pay value-added tax (the "**VAT**").

The Ministry of Finance and the SAT published a Circular on Adjusting Value-added Tax Rates (財政部、稅務總局關於調整增值稅稅率的通知) on 4 April 2018 to announce that a taxpayer engages in a taxable sales activity for the VAT purpose or imports goods, the previous applicable tax rates 17% and 11% will be adjusted to 16% and 10% respectively. This Circular has come into force since 1 May 2018.

Pursuant to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (關於深化增值稅改革有關政策的公告, [2019]No.39) issued jointly by the Ministry of Finance, the SAT and the General Administration of Customs on 1 April 2019 and came into effect on the same date, the previous applicable tax rates 16% and 10% will be further adjusted to 13% and 9% respectively.

Income Tax on Indirect Property Transfer by Non-resident Enterprise

Pursuant to the Announcement of the State Administration of Taxation on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfer by Non-Resident Enterprises (國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告) (the "**Announcement No. 7**") promulgated and came into effect on 3 February 2015, where a non-resident enterprise indirectly transfers properties such as equity in the PRC resident enterprises without any reasonable commercial purposes with the aim of avoiding to pay enterprise income tax, such indirect transfer shall be reclassified as a direct transfer of equity in the PRC resident enterprise in accordance with Article 47 of the EIT Law. Section Two, Article Eight of the Announcement No.7 was later abolished by the Announcement of the State Administration of Taxation on Matters Concerning Withholding of Income Tax of Non-resident Enterprises at Source (國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告) (the "**Announcement No. 37**"), which was promulgated on 17 October 2017, became effective on 1 December 2017. Article Thirteen of the Announcement No.7 was also abolished by the State Administration of Taxation on 29 December 2017.

Withholding Tax on Dividends

According to the Arrangements between the Mainland of the PRC and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion With Respect to Taxes On Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), which came into force on 21 August 2006, profit derived by a foreign investor residing in Hong Kong from PRC enterprise in which such foreign investor owns directly at least 25% equity interest is subject to the tax rate of 5% after obtaining the approval from the relevant tax bureau.

Pursuant to the Circular of the State Administration of Taxation on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Treaties (國家稅務總局關於執行稅收協定股息條款有關問題的通知), which was promulgated by the SAT and became effective on 20 February 2009, all of the following requirements shall be satisfied for a party to a tax agreement to be entitled to the tax rate specified in the tax agreement for dividends paid to it by a PRC resident company: (i) such a fiscal resident who obtains dividends should be a company as provided in the tax agreement; (ii) owner's equity interests and voting shares of the PRC resident company directly owned by such a fiscal resident reaches a specified percentage; and (iii) the equity interests of the PRC domestic company directly owned by such a fiscal resident, at any time during the twelve months prior to the obtainment of the dividends, shall reach the percentage specified in the tax agreement.

According to the Administrative Measures for Non-resident Taxpayers to Enjoy Treatments under Tax Treaties (非居民納稅人享受稅收協定待遇管理辦法) (the "**Administrative Measures**"), which was promulgated on 27 August 2015, came into force on 1 November 2015 and subsequently amended on 15 June 2018, if the non-resident taxpayers are qualified for enjoying the favorable tax benefits under the tax arrangements, they could enjoy such benefits of themselves from the tax authority when they or their withholding agents make declarations to the relevant tax authority. Under the Administrative Measures, when the non-resident taxpayers or their withholding agents make declarations to the relevant tax authority, they should deliver the relevant reports and materials to the tax authority and such non-resident taxpayers and withholding agents will be subject to the follow-up management of the tax authority.

In relation to consumer protection and production liability

Pursuant to the Law of the PRC on the Protection of the Rights and Interests of Consumers (中華人民共和國消費者權益保護法) as promulgated on 31 October 1993 and latest amended on 25 October 2013 and the Tort Law of the PRC (中華人民共和國侵權責任法) as promulgated on 26 December 2009 and implemented on 1 July 2010, an operator shall be responsible for the quality of the products it provides. If any harm is caused by a defective product, the victim may claim for compensation either from the producers or sellers. If the liability lies on the producers and the compensation has been paid by the sellers, the sellers have the right to recover their losses from the producers. If the liability lies on the sellers and the compensation has been paid by the producers, the producers have the right to recover their losses from the sellers.

In relation to foreign exchange

Foreign Currency Exchange

The principal regulation governing foreign currency exchange in the PRC is the Foreign Exchange Administration Rules of the PRC (中華人民共和國外匯管理條例) (the "**Foreign Exchange Administration Rules**"), which was promulgated on 29 January 1996 and amended on 14 January 1997 and 1 August 2008. Under Foreign Exchange Administration Rules, the Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as capital transfers, direct investment, investment in securities, derivative products or loans, unless prior approval of the Sate Administration of Foreign Exchange (the "**SAFE**") or of its branches was obtained.

On 30 March 2015, SAFE promulgated Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) to reform the management approach regarding the settlement of the foreign exchange capital of foreign-invested enterprises. The notice implemented a discretional foreign exchange settlement where the foreign exchange capital in the capital account of foreign-invested enterprises for which the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) has been handled can be settled at the banks based on the actual operation needs of the enterprises.

On 9 June 2016, the SAFE further promulgated the Circular on Relevant Issues Concerning the Reform and Regulation of the Administrative Policies of the Conversion under Capital Items (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (the "**Circular No. 16**"). The Circular No. 16 allows all enterprises including foreign invested enterprises to convert 100 percent (subject to future adjustment at discretion of SAFE) of the foreign currency capital in their capital accounts into RMB at their own discretion without providing various supporting documents. However, to use the converted RMB, an enterprise still needs to provide supporting documents and goes through the review process with the banks for each withdrawal. A negative list with respect to the usage of the capital and the RMB proceeds through the aforementioned settlement procedure is set forth under the Circular No. 16.

In relation to labor and social insurance

Labor and Employment

According to the Labor Law of the PRC (中華人民共和國勞動法), which was promulgated on 5 July 1994 and amended on 27 August 2009 and 29 December 2018, the PRC Labor Contracts Law (中華人民共和國勞動合同法), which was promulgated on 29 June 2007 and amended on 28 December 2012, to establish a labor relationship, a written labor contract should be concluded. The wages paid by the employer to the employee shall not be less than the minimum wage rate in the place where the employer is located. In certain circumstances, financial compensation shall be paid to the employee if the employer terminates its employment relationship with the employee. The employer shall provide relevant education and training to the employee. Employers are also required to provide healthy and safe working conditions in conformity with the relevant national rules and standards and provide regular healthy checks for the employees who are engaged in hazardous work.

Social Insurance

As required under the Regulations of Insurance for Labor Injury (工傷保險條例), which was implemented on 1 January 2004, amended on 20 December 2010 and came into effect on 1 January 2011, the Provisional Measures for Maternity Insurance of Employees of Corporations (企業職工生育保險試行辦法), which was implemented on 1 January 1995, the Decisions on the Establishment of a Unified Program for Old-Aged Pension Insurance of the State Council (國務院關於建立統一的企業職工基本養老保險制度的決定), which was issued on 16 July 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (國務院關於建立城鎮職工基本醫療保險制度的決定), which was promulgated on 14 December 1998, the Unemployment Insurance Measures (失業保險條例), which was promulgated on 22 January 1999, and the Social Insurance Law of the PRC (中華人民共和國社會保險法), which was implemented on 1 July 2011 and amended on December 29, 2018, the Interim Regulation on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), which was issued and came into effect on 22 January 1999 and amended on 24 March 2019, Interim Measures on Administration of Social Insurance Registration (社會保險登記管理暫行辦法), which was issued and came into effect on 19 March 1999, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. Enterprises must apply for social insurance registration with local social insurance agencies and pay premiums for their employees. If an enterprise fails to pay the required premiums on time or in full, the authorities in charge will demand the enterprise to settle the overdue amount within a stipulated time period and impose a 0.05% overdue fine. If the overdue amount is still not settled within the stipulated time period, an additional fine in an amount of three to five times of the overdue amount will be imposed.

Housing Provident Fund

According to the Regulations concerning the Administration of Housing Provident Fund (住房公積金管理條例), which was promulgated by the State Council on 3 April 1999, became effective on the same day and was amended on 24 March 2002 and 24 March 2019, respectively, enterprises must register with the competent managing centre for housing funds and, upon the examination by such managing centre of housing fund, complete procedures for opening an account at the relevant bank for the deposit of employees' housing funds. Employers are required to contribute, on behalf of their employees, to housing funds. The payment is required to be made to local administrative authorities. Any employer who fails to contribute may be fined and ordered to make good the deficit within a stipulated time limit.

In relation to intellectual property

Trademark

Both Trademark Law of the PRC (中華人民共和國商標法) promulgated by the SCNPC in 1982 and amended respectively on 22 February 1993, 27 October 2011, 30 August 2013 and 23 April 2019, and with effective on 1 November 2019 and the Regulation on Implementation of Trademark Law of the PRC (中華人民共和國商標法實施條例) promulgated by the State Council on 3 August 2002, amended on 29 April 2014 and with effective on 1 May 2014 provide protection to holders of registered trademarks. In the PRC, registered trademarks include commodity trademarks, service trademarks and certificate marks. A registered trademark is valid for ten years and is renewable every ten-years where a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within twelve months prior to the expiration of the validity term.

Patents

The PRC began reviewing patent applications and granting patents under the PRC Patent Law (中華人民共和國專利法) which was promulgated in 1984 and amended in 1992, 2000, 2008 respectively. Under the PRC Patent Law, invention patents are valid for twenty years and external design patents and utility model patents are valid for ten years, in each case commencing on their respective application dates. Persons or entities who use patents without the consent of the patent owners, make counterfeits of patented products, or engage in activities that infringe upon patent rights are held liable to the patent owner for compensation and may be subject to fines and even criminal punishment.

Copyright

Pursuant to the Copyright Law of the PRC (中華人民共和國著作權法), which was promulgated on 7 September 1990, became effective on 1 June 1991 and amended respectively on 27 October 2001 and 26 February 2010, copyright protection extends to cover Internet activities and products disseminated over the Internet.

Pursuant to the Regulations on the Protection of Computer Software (計算機軟件保護條例), which was promulgated by State Council on 4 June 1991 and amended on 20 December 2001, 8 January 2011 and 30 January 2013, and the Rules for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法), which was promulgated by the China Copyright Office and came into effective on 20 February 2002, anyone publishes, revises or translates computer software without obtaining the prior approval of the computer software copyright holders shall bear civil liability to the copyright owner because of harming the copyright.

Domain Name

Internet domain name registration and related matters are primarily regulated by the Administrative Measures on the Internet Domain Names (互聯網域名管理辦法) issued by the Ministry of Industry and Information Technology (中華人民共和國工業和信息化部) on 24 August 2017 and became effective on 1 November 2017, the Implementing Rules of Domain Name Registration (域名註冊實施細則) issued by China Internet Network Information Center (中國互聯網絡信息中心) (the "**CINIC**") which became effective on 29 May 2012, and the Measures on Domain Name Disputes Resolution (中國互聯網絡信息中心域名爭議解決辦法) issued by CINIC with effect from 1 September 2014. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration. Domain name disputes shall be submitted to institutions authorized by the CINIC for resolution.

In relation to consignment arrangement in Hong Kong

There are no specific statutory requirements for the Group to obtain any licenses for consigning its fashion accessories products in the retail points in Hong Kong operated by consignees, other than those applicable to all body corporate conducting business in Hong Kong, such as obtaining valid business registration certificate under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong).

Risk Factors

Set out below are the major risks which the Directors consider to be relevant to the Integrated Fashion Accessories Platform Business.

If the Group's relationship with its major customers deteriorates or terminates, the business and results of operations of the Group would be adversely affected

The revenue contributed from the top five customers accounted for approximately 46.5% and 31.1% for the two years ended 31 March 2019 respectively.

If the business relationship between the Group and the major customers deteriorates or any of these major customers reduces its purchases from the Group substantially or terminates its business relation with the Group entirely, the business, results of operations and financial condition of the Group may be adversely affected.

In order to strengthen the business relationships with the major customers, the Group is negotiating with some of the major customers with a view to entering into master purchase agreements where, among other things, the customer would make committed orders from the Online Wholesale Platforms. For details of the master purchase agreements, please refer to the paragraph headed "(1) Online Wholesale Platforms — customers" in this section.

Direct interactions between the suppliers and the customers could render the Online Wholesale Platforms obsolete and unsustainable

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.

Except for the Group's own-branded products, the Group does not provide brand name of the fashion accessories products or manufacturer's information on the Online Wholesale 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 and/or manufacturers of the products they ordered from the Online Wholesale Platforms and proceed to order from the suppliers and/or manufacturers directly without going through the Online Wholesale Platforms.

If the customers order their desired fashion accessories products directly from the suppliers and/or manufacturers without going through the Online Wholesale Platforms, 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 continues to put efforts to improve the services provided from the Online Wholesale Platforms and enhance the shopping experience of customers with a view to attract and retain customers.

The Group's corporate image and business may be negatively affected by the performance of or delay in the supply of the suppliers or the failure of these suppliers to adhere to quality standards with respect to the products

The Group typically orders products from suppliers once received orders from the customers on the Online Wholesale Platforms (or, in the case of popular items, orders from the suppliers from time to time and keep inventory in its warehouse in Guangzhou). Although the Group performs independent checks on the qualities 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.

Furthermore, the lead time for the delivery of products to the customers (except in the case of popular items, which the Group keeps an inventory) cannot be ascertained at the time of customer's order as it is to a large extent dependent on the delivery time of the supplier. As such, the Group cannot assure the suppliers will deliver products to them in a timely manner or that the suppliers will not experience any suspension or interruption in their operations which results in disruption in the supply to the Group.

In addition, as the Group has limited control over the operations of the suppliers, they cannot ensure that the suppliers will adhere to the Group's quality control policies at all times.

Most of the Group's customers of the Integrated Fashion Accessories Platform Business are located overseas while the warehouse of the Group is in Guangzhou. The Group relies on delivery agents to arrange efficient delivery and export/customs clearance procedures. The Group has limited control over the delivery agents and cannot ensure that there will be no delay or problems in the delivery and export/customs clearance procedures.

Any delay of delivery and any defect in, or any failure to adhere to quality standards with respect to, the products provided by the suppliers could subject the Group to liability or damage its reputation and reduce the demand for the products the Group sells.

Furthermore, the Group cannot assure that the suppliers will fully comply with the applicable laws and regulations such as labour and environmental laws. If there is any negative publicity regarding such non-compliance, the Group's corporate image may be damaged.

The cash flow and liquidity of the Group could be adversely affected by obsolete and slow-moving inventory

By utilising the customer data from the Online Wholesale Platforms, the Group is able to shortlist popular fashion accessories products and maintain a suitable level of inventory for these items at its warehouse in Guangzhou.

However, if the fashion accessories products the Group keeps in stock in its warehouse in Guangzhou fail to meet the changing trends of the market and the customers' tastes or the Group fails to implement its inventory control policy effectively, the Group may build up slow-moving inventory. The inventory turnover days of the Group were approximately 10 days, 9 days and 39 days for the three years ended 31 March 2019, respectively.

Increase in inventory levels could adversely affect the working capital, liquidity and cash flow of the Group.

Any malfunction of the Online Wholesale Platforms could materially and adversely affect the operations of the Integrated Fashion Accessories Platform Business

The Integrated Fashion Accessories Platform Business relies on the proper functioning of the Group's information technology systems. Such information technology systems support the operation of the Online Wholesale Platforms and enable the Group to efficiently collect and analyse the operational data and information, including procurement, sales, order fulfilment, logistics, customer and membership data on a real-time basis.

As such, the proper functioning of the information technology systems is critical for the Integrated Fashion Accessories Platform Business, among others, to effect marketing and sales and to monitor the level of sales. The Group needs to constantly upgrade and improve its information technology systems to keep up with the continuous growth of the operations and business. However, the information technology systems may not always operate without interruption and may encounter temporary abnormality or become obsolete. Any malfunction to the information technology systems may negatively affect the Group's ability to continue the operations of the Online Wholesale Platforms smoothly, which in turn could adversely affect the business operation.

It is also important for the Group to constantly review its existing information technology systems, identify new business needs, provide information technology solutions and upgrade the systems. The Group may not always be successful in developing, installing, running and migrating to new software or systems as required by its business development. Even if the Group is successful in this regard, significant capital expenditure may be required, and the Group may not be able to benefit from these types of investment immediately or at all. All of these may have a material adverse effect on the operations and profitability of the Group.

Intellectual property infringement claims which may be expensive to defend and may result in significant liabilities

The Group did not enter into any intellectual property agreements with the suppliers with respect to their designs. In the absence of such agreements, the Group may be subject to legal proceedings on claims from third parties who own the intellectual property relating to or involving the products sold on the Online Wholesale Platforms.

Furthermore, the Group cannot be certain that any other aspects of the operations of the Integrated Fashion Accessories Platform Business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. The Group may be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, as the Group sells both own-branded and non-branded products supplied by its suppliers on the Online Wholesale Platforms, there may be other third party intellectual property that is infringed by the non-branded products sold on the Online Wholesale Platforms. There could also be existing intellectual property rights of which the Group is not aware that the products sold on the Online Wholesale Platforms may inadvertently infringe upon.

The risk of being subject to intellectual property infringement claims will increase as the Group continues to expand its product offering. The Group cannot be certain that holders of intellectual property rights, if any such holders exist, would not seek to enforce such intellectual property rights against the Group in the PRC, Hong Kong or any other jurisdictions. If the Group is found to have violated the intellectual property rights of others, it may be subject to liability for the infringement activities. In addition, the Group may incur significant expenses, and may be forced to divert management's time and other resources from the business and operations to defend against these third-party infringement claims, regardless of their merits. Successful infringement or licensing claims against the Group may result in significant liabilities, which may materially and adversely affect the business, results of operation and financial condition of the Group.

If the key executives and personnel leave the Group, and the Group fails to recruit appropriate replacements in a timely manner, the business and operation of the Integrated Fashion Accessories Platform Business may be adversely affected

The success of the Integrated Fashion Accessories Platform Business, to a significant extent, is attributable to the experience of the Directors and the senior management members who have extensive relevant experience. In particular, Mr. Tse Hoi Chau, the chairman of the Board and an executive Director, possesses more than 20 years' experience in the fashion ornament and jewellery wholesale industry; Mr. Lin Shao Hua, an executive Director has extensive experience in managing the manufacturing of jewellery; Ms. Yu Zhonglian, and executive Director, has more than 10 years' experience in retail and wholesale business; and Mr. Zhang Xiaohua, the chief operating officer, has more than 22 years of experience in operating and managing companies that are in the fashion accessories retail industry; Ms. Li Jun, a consultant to provide valuable advice to the development of the proprietary brand "ARTINI", was the former president of the retail division of the Group and was responsible for the management and development of the Group's retail business and had overseen the operation of the "ARTINI" brand in the 2000s.

Should any of these key executives cease to serve the Group and the Group fails to recruit appropriate replacement in a timely manner, the business and operation of the Integrated Fashion Accessories Platform Business may be adversely affected.

If the Group fails to protect its proprietary data and customer information, its reputation and business could be negatively affected

The Group's ability to compile and analyse sales data and customer data is critical to the success of the Integrated Fashion Accessories Platform Business. The Group collects customer data, such as delivery address, payment related information and transaction history, and has built its own customer database. Any mishandling of the collection, storage, use or disclosure of personal information or other privacy-related matters by the Group could damage its reputation and results of operations. Furthermore, any actual or alleged leakage or unauthorised use of the customer data collected could result in a decrease in the online traffic or the number of customers, either of which could have a material adverse effect on the business, financial condition and results of operations.

In addition, advances in technology and sophistication of hackers, new discoveries in the field of cryptography or other events or developments could result in a compromise or breach of the technology that the Group uses to protect confidential information. The Group may not be able to prevent third parties, especially hackers or other individuals or entities engaging in similar activities, from illegally obtaining and misappropriating its proprietary data and customer information. In addition, the Group has limited control or influence over the security policies or measures adopted by third-party online payment service providers (such as PayPal) through which some of its customers may elect to make online purchases. Furthermore, the third-party logistics service providers or courier companies may also disclose or use information about the Group's customers illegally. There is no assurance that similar events beyond the Group's control will not occur in the future, which could negatively affect its reputation.

Furthermore, the PRC laws and regulations governing the use of personal data are still under development and currently do not impose any mandatory restrictions on internal use of such data by the Group. Any change in the regulations governing the use of such personal data could adversely affect the Group's ability to use such data or discourage the customers from using the Online Wholesale Platforms, either of which could have a material adverse effect on the business, financial condition and results of operations of the Group.

Any deficiencies in the internet infrastructure could impair the Group's ability to sell products through the Online Wholesale Platforms, which could cause the Group to lose customers and harm its operating results

The Integrated Fashion Accessories Platform Business relies on the sales of fashion accessories products through the Online Wholesale Platforms. These sales depend on the performance and reliability of the internet infrastructure. The availability of the Online Wholesale Platforms depends on telecommunications carriers and other third-party providers for communications and storage capacity, including bandwidth and server storage, among other things. If the Group is unable to enter into and renew agreements with these providers on acceptable terms, or if any of the existing agreements with such providers is terminated, the Group's ability to sell products to the customers through the Online Wholesale Platforms could be adversely affected.

Service interruptions in the internet infrastructure prevent customers from accessing the Online Wholesale Platforms and placing orders, and frequent interruptions could frustrate customers and discourage them from attempting to place orders which could cause the Group to lose customers and harm the Group's operating results.

Uncertainties in the PRC legal system could have a material adverse effect on the business and operations of the Integrated Fashion Accessories Platform Business

Part of the business and operations of the Integrated Fashion Accessories Platform Business are conducted in the PRC and are subject to applicable PRC laws, rules and regulations. The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference, but have limited weight as precedents. Since the late 1970s, the PRC government has significantly enhanced the PRC legislation and regulations to provide protection to various forms of foreign investments in the PRC. However, the PRC has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activity in the PRC. As many of these laws, rules and regulations are relatively new, and because of the limited volume of published decisions, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and may not be as consistent and predictable as in other jurisdictions. In addition, the PRC legal system is based in part on government policies and administrative rules that may have a retroactive effect. As a result, the Group may not be aware of its violations of these policies and rules until sometime after the violation. Furthermore, the legal protection available to the Group under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in the PRC may be protracted and may result in substantial costs and the diversion of resources and management attention, which in turn could have a material adverse effect on the financial condition and results of operations of the Group.

Implementation Plan and Prospects

Implementation Plan

The Integrated Fashion Accessories Platform Business will remain the focus of the Group's development plan and the Group will continue to evaluate its 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.

Set out below is the business plan of the Integrated Fashion Accessories Platform Business for the period from the Latest Practicable Date up to 31 March 2020:

Business objectives	By 30 Sep 2019	By 31 Dec 2019	By 31 Mar 2020
Online Wholesale Platforms	– achieve monthly sales of HK$22,768,000 – achieve ADAU of 28,000 – achieve ADPV of 112,000	– achieve monthly sales of HK$23,757,000 – achieve ADAU of 29,000 – achieve ADPV of 115,000	– achieve monthly sales of HK$22,617,000 – achieve ADAU of 27,000 – achieve ADPV of 107,000
Third-party retail online platforms	– achieve monthly sales of HK$796,000 – achieve unique viewer no. of 442,000 – achieve monthly no. of customers of 10,000	– achieve monthly sales of HK$1,042,000 – achieve unique viewer no. of 473,000 – achieve monthly no. of customers of 11,000	– achieve monthly sales of HK$1,073,000 – achieve unique viewer no. of 475,000 – achieve monthly no. of customers of 11,000
Retail and distribution	– Distribute or consign fashion accessories products at 98 retail points – No. of SKU of own-branded fashion accessories products for distribution or consignment of 350	– Distribute or consign fashion accessories products at 105 retail points – No. of SKU of own-branded fashion accessories products for distribution or consignment of 400	– Distribute or consign fashion accessories products at 110 retail points – No. of SKU of own-branded fashion accessories products for distribution or consignment of 450

Note: for the offline wholesales, the Group will conduct on a case by case basis to compliant the Online Wholesale Platforms and encourage the potential customers to purchase through the Online Wholesale Platforms which offer a more comprehensive shopping experience for the customers.

The Company plans to implement the above plan by internal resources.

The Company believes the Integrated Fashion Accessories Platform Business will generate stable and sustainable income to the Group and the Company will recapture its status as an industry leader and create long-term value for its Shareholders.

Profit forecast

In order to substantiate the sustainability of the business of the Group, the Company has prepared a profit forecast (the "**Profit Forecast**") of the Group for the year ending 31 March 2020 which is prepared on the bases and assumptions as detailed in Appendix III to this circular.

The forecast consolidated net profit after tax for the year ending 31 March 2020 is approximately HK$17.2 million. While the forecast consolidated operating profit (excluding certain one-off event such as professional fee in relation to resumption proposal) for the year ending 31 March 2020 is approximately HK$24.0 million.

BDO, the reporting auditor of the Company, has reviewed the arithmetical accuracy of the calculations of the Profit Forecast, which is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Alliance Capital, as the financial adviser of the Company in relation to the Resumption, has reviewed the Profit Forecast per requirements under Rules 14.62(3) of the Listing Rules. Letters from BDO and Alliance Capital are enclosed herein respectively as Appendix IVA and Appendix IVB to this circular.

Future prospects and sustainability

Based on the analysis as set out in the section headed "Management discussion and analysis of the Group's financial performance before and after Trading Suspension" in this circular, the Directors consider the Group's business is viable and solid. In addition, the Directors believed in the future prospects of the Integrated Fashion Accessories Business and consider its business model sustainable.

(i) Online Wholesale Platforms

Despite the Online Wholesale Platforms has a relatively limited historical performance record, in view of (i) the general switch of customers' preference and reliance on purchasing online; (ii) the expanding customers base; (iii) the continual improvement of operational efficiency of the Online Wholesale Platforms; and (iv) the enhancing competitiveness of the products offered in the Online Wholesale Platforms as demonstrated above, the Directors are confident that the orders from customers on Online Wholesale Platforms would be recurring and the platforms would be able to continuing attracting more new customers so the revenue generated therefrom will be sustainable.

In relation to enhancement of product variety, the Group, through its in-house designers and external designers, would launch more new products from time to time (which are to be manufactured by the Group's suppliers). As of May 2019, more than 20,000 SKUs has been offered by the Online Wholesale Platforms to its customers, and more than 270 exclusive SKUs were supplied to the Group which were not provided to other similar online platforms.

Apart from the digital marketing and other advertisements, the Group will also launch promotional campaigns on the Online Wholesale Platforms during the coming festivals. Promotional sales will be coupled with introduction of new SKUs to boost revenue from the Online Wholesale Platforms as well as its market awareness.

The Group intends to focus on the sourcing of new customers and retaining of existing customers in order to achieve steadily increasing sales from the Online Wholesale Platforms in the coming future. The Group will continue to enhance product variety, market awareness and service quality.

(ii) Third-party retail online platforms

In July 2018, the Group inherited the Platform A Shop where the Group sells fashion accessories products to retail customers in the PRC. From July 2018 to March 2019, the Platform A Shop received monthly orders of approximately 32,000 and recorded monthly sales of approximately HK$1.0 million, representing approximately 3.4% of the total sales of the Integrated Fashion Accessories Platform Business for the year ended 31 March 2019.

Recently, the Group has opened some new online shops selling fashion accessories products in other popular retail online platforms to gain further market share and diversify its income source from the online retail customers, and the Group plans to open further online shops according to the following schedule:

Shop opening date	**Third-party retail online platforms**
October to December 2018	(i) 南方都市報官網微店
January to March 2019	(i) 小紅書 (ii) 京東
April to June 2019	(i) 蘇寧易購 (ii) 達令家 (Dalingjia)
July to September 2019 (expected)	(i) 寺庫網
October to December 2019 (expected)	(i) 好衣庫

The Group will continue to expand its retail online network as illustrated above and it will also continue to increase its SKUs from third-party suppliers as well as its design team. As such, the Directors expect the Group will be able to maintain its sales from third-party retail online platforms.

(iii) Retail and distribution channels

The Group commenced selling of its "ARTINI" branded fashion accessories products through distributorship and consignment arrangements with strategic partners to online and offline retail customers.

As at 31 May 2019, the Group had entered into a distributorship agreement with a retailer and consignment agreements with two retailers (the "**Consignees**") who operate boutiques in shopping malls in Hong Kong, for the consignment of its "ARTINI" branded fashion accessories products in their boutiques. As at 31 May 2019, the Group's "ARTINI" branded products have been (i) sold in 82 offline physical point of sales in Beijing, Shanghai, Hangzhou, Chengdu, Shenzhen etc. in the PRC and one online shop operated by the Distributor in the PRC; and (ii) consigned in six retail points in popular shopping malls including Metro City Plaza in Tseung Kwan O, Amoy Plaza in Kowloon Bay, K11 and Mira Place in Tsim Sha Tsui, Hysan Place in Causeway Bay and World Trade Centre in Causeway Bay in Hong Kong operated by the two Consignees.

The Directors believe that based on the terms of the distributorship and consignment agreements entered into with the above Distributors and Consignees, the brand "ARTINI" will gain recognition and market presence in the retail market in both the PRC and Hong Kong, which will facilitate the sustainable development of the retail and distribution channels in a robust fashion.

As mentioned in the paragraph headed "(2) Retail and distribution — other retail channels" in this section, the Group entered into arrangement with an agent pursuant to which the agent will procure Hainan Airline to list "ARTINI" branded fashion accessories products on its in-flight catalogue. The Group also considers increasing the exposure of "ARTINI" branded products in other transportations which would be beneficial to the rebuilding of "ARTINI" brand in the retail market. In October 2018, the Group entered into an agreement with a local bus tour operator pursuant to which the operator agreed to display product brochure of "ARTINI" in its bus cabins. According to the operator, it is the first to operate double-decker buses in Hong Kong that combine touring with a gourmet experience, where tourists can enjoy authentic cuisine while enjoying the beauty of Hong Kong's streetscapes. The Directors believe that public transports such as airlines and buses are readily accessible to retail customers and above arrangements to list "ARTINI" products in flights and bus-tours will improve the retail market presence of "ARTINI" efficiently.

In order to further promote the retail channels of the Fashion Accessories Platform Business, the Group's consultant, Ms. Li Jun, has formulated and planned a series of business development and marketing events in relation the brand "ARTINI" up to December 2019 as detailed below:

Date	Description
October 2018	– Started delivering 20 to 40 SKUs of "ARTINI" branded products to bloggers, KOLs, etc. encouraging them to promote the Group's products on a monthly basis
	– Participated in the Shanghai Fashion Week hosted by the "JAT Showroom" which was a 3-day fashion exhibition. "JAT Showroom" is an agent for designers and brands in the PRC
	– "ARTINI" x "EJJ" crossover launch party. The Group stated collaboration with a popular and emerging brand founded by Ms. Elaine Shiu Yin Ning, who was awarded various entrepreneurship rewards
November 2018	– Publication of various press releases by the Company relating to the "ARTINI" x "EJJ" crossover launch party
December 2018	– Addition of two physical point of sales in Hong Kong
	– Delivery of Christmas gift packages to media and KOLs for promotion
January 2019	– Commenced listing of products in tourist tour buses in Hong Kong
	– Marketing and sales campaign with popular verified official social media accounts (大V公眾號)
	– Participated in Hong Kong Fashion Week for Fall/Winter

Date	Description
February 2019	– Launch of a "Valentine's Day" series of products – Participated in New York Fashion Week – Commenced listing of products on the inflight magazine of Hainan Airlines
March 2019	– Participated in Tokyo Fashion Week – Participated in Shenzhen Fashion Week – Sponsored a charity event "Jessica Run" in Hong Kong
April 2019	– Participated in Shanghai Fashion Week – Giveaway campaign with "Jessica" magazine and advertisement of the magazine
May 2019	– Marketing and sales campaign with "Jessica" and "Marie Claire" magazines on Facebook and Instagram
July to December 2019 (expected)	– Continue to grow the brand awareness of "Artini" by advertising in fashion magazines in Hong Kong as well as social media through Facebook and Instagram

At the same time, the Group will continue to launch its own designed products, as well as through collaborations with other brands, in order to increase its SKUs and keep up to the trend and maintain its brand awareness. The Group will continue to expand its design team in this regard.

As of 31 May 2019, the Group has launched over 300 SKUs of self-designed fashion accessories products. According to the business development plan of the Group, it is expected that it will launch approximately 20-30 SKUs of self-designed fashion accessories products every month for the coming year.

Based on the above efforts and business development plan, the Directors are of the view that the Group will expand its retail and distribution network quickly and the income from retail sources, including third-party online platforms and physical point of sales via distributorship, consignment and agents, will increase significantly in the foreseeable future.

Working capital and funding needs

Under the business model of the Integrated Fashion Accessories Platform Business, the fashion accessories products are manufactured/supplied by third party manufacturers/suppliers and mainly distributed in various online platforms and in retail points operated by the Group's strategic partners. The Company considers this business model the most beneficial to the Group as it requires less capital commitment, less overheads and promotes better liquidity. Given the asset-light nature of the business model, the Group currently does not require heavy capital investment for its daily operations nor its development plan for the foreseeable future and it has been able to fulfil its working capital requirements by cashflow generated from the Integrated Fashion Accessories Platform Business.

In order to ensure sufficient capital being made available for the business plan of the Group's Integrated Fashion Accessories Platform Business, Mr. Tse Hoi Chau has entered into a facility agreement with the Company pursuant to which Mr. Tse Hoi Chau shall provide a revolving loan facility to the Company for the general working capital of the Group. Please refer to the paragraph headed "Lock-up undertaking, profit guarantee and financial assistance by the controlling shareholders" in this section for details.

The Directors are of the opinion that, taking into consideration the Group's internal resources and the financial resources available to the Group and in the absence of unforeseen circumstances, the Group has sufficient working capital to meet its requirements for at least 12 months from the date of this circular and has sufficient assets under Rule 13.24 of the Listing Rules.

Material litigation

As at Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

Lock-up undertaking, profit guarantee and financial assistance by the controlling shareholders

Lock-up undertaking

As at the Latest Practicable Date, Walifax Investments Limited ("**Walifax**") is the beneficial owner holding 3,525,627,988 Shares, representing approximately 63.87% of the entire issued capital of the Company. Mr. Tse Hoi Chau ("**Mr. Tse**"), an executive Director and the chairman of the Board, is the sole beneficial owner of Walifax and is deemed to be interested in the 3,525,627,988 Shares held by Walifax, and each of Walifax and Mr. Tse is a controlling shareholder (as defined under the Listing Rules) of the Company.

In order to demonstrate his vote of confidence to the Group and the prospect of the Integrated Fashion Accessories Platform Business, Mr. Tse and Walifax has entered into a voluntary lock-up undertaking that, among other things, except with the prior approval from the Stock Exchange, he or it shall not, at any time during the 36 months from the date of Resumption, dispose of any of the Shares or securities of the Company, if immediately following such disposal they would cease to be interested in 50% or more of the entire issued share capital of the Company.

Profit guarantee

Mr. Tse, being the chairman of the Board and controlling shareholder (as defined under the Listing Rules) of the Group, regards the Integrated Fashion Accessories Platform Business a revitalisation of the Group's Fashion Accessories Businesses, which had been in business for decades. As a vote of confidence in the Group's financial performance, Mr. Tse has personally provided a profit guarantee (the "**Profit Guarantee**") in favour of the Company in October 2018, pursuant to which Mr. Tse has guaranteed in favour of the Company that the audited consolidated net profit after tax (excluding non-recurring and extraordinary items and non-cash income and minority interests) of the Group (the "**Net Profit**") for the years ending 31 March 2019 and 31 March 2020 shall be no less than HK$23.0 million and HK$24.0 million respectively. In the event the Net Profit of the Group has fallen short of the Profit Guarantee, Mr. Tse shall pay to the Company for the shortfall on a dollar-to-dollar basis in cash.

The Net Profit of the Group for the year ended 31 March 2019 is approximately HK$32.9 million. As such, the Profit Guarantee in relation to the Net Profit for the year ended 31 March 2019 has been fulfilled.

Financial assistance

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

Fulfillment of the First Resumption Condition

In light of business update and business plans, the Directors are of the view that (i) the Group's assets are sufficient to meet the requirements under Rule 13.24 of the Listing Rules; (ii) the operations of the Group's assets could enable the Group to substantially improve its operations and financial resources; and (iii) the Company has demonstrate that it has assets of sufficient value to warrant the continued listing of its Shares and addressed the concerns mentioned in the 1st Letter dated 27 October 2017 and 2nd Letter dated 4 May 2018 from the Stock Exchange.

D. FULFILLMENT OF THE SECOND RESUMPTION CONDITION – ADDRESSING THE AUDIT QUALIFICATIONS

Background

Set forth below is the full texts of the Disclaimer of Opinion as extracted from the Annual Report 2017, which sets out the background and the underlying causes of the audit qualifications:

"DISCLAIMER OF OPINION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Scope limitation – Agency fee income ("Qualification C")

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

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

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

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

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

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

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

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

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

Underlying Causes of Such Qualifications and Remedial Actions

Qualification A

In light of the above underlying causes of such audit qualification, the Company has engaged KLC to perform a review of the procedures, systems and controls for the Group in order to improve the internal control systems and financial reporting procedures of the Group. The Company had implemented the said suggestions provided by KLC in 2018 and nothing came to KLC's attention to indicate that there was any material irregularity or error on the financial reporting procedures and the internal control systems of the Group.

In addition, the Directors believed that the issue in relation to the revenue of the E-commerce Business would not recur as no such related income was generated in the year ended 31 March 2018. As regards the issue in relation to the expenses of the E-commerce Business, the expenses were paid to advertisers for the expansion of the E-commence Business in the year ended 31 March 2017. However, the advertisers did not deliver satisfactory performance and therefore the service contracts were terminated prior to the year ended 31 March 2017.

BDO performed audit procedures including but not limited to the following procedures to address the issue:

- Examined 8 original sale contracts entered into during the period from 1 January 2016 to 31 March 2017 and the agreements relating to customers' settlement of software sale and maintenance services rendered by the Group:

- Examined the advertising agreements and cancellation agreements;

- Scrutinised the bank statements of PVT for the period from 29 December 2016 to 29 July 2017 for any unusual receipts and payments;

- Circularised debtor and creditor confirmations on a sampling basis;

- Scrutinised the general ledger to note for any unusual transactions; and

- Examined the board minutes for the abandonment of the E-Commence Business.

Notwithstanding the above, as any adjustments that might have been found to be necessary in respect of the Qualification A would have a consequential significant effect on the Group's financial performance for the year ended 31 March 2017 and the related elements making up the consolidated financial position as at 31 March 2017, BDO considered this qualification remain unresolved in their audit of the consolidated financial statements for the year ended 31 March 2018. BDO's 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. BDO had removed the qualification in relation to Qualification A in their opinion on the consolidated financial statements for the year ended 31 March 2019.

Qualification B

The management of the Group observed the facts that (i) the predecessor auditor was unable to satisfy itself about the reasonableness of the assumption made by the management on (a) the cash flow projection; and (b) the purchase price allocation process in arriving at the goodwill so arising; and (ii) the feasibility of the business plan applied in the cash flow projection. As such, the Group appointed an independent professional valuer to conduct and opine on the valuation on the E-commerce Business to reconfirm the values of the goodwill as well as other identifiable assets and liabilities, if any. As regards the non-compliance resulted from the non-registration with the PRC local authority for its E-commerce Business, based on the advice by the PRC legal advisers engaged by the Group before, the management of the Group is of the view that penalty is remote. The Group obtained further PRC legal opinion to address the issue as well as the related penalty.

BDO performed audit procedures including but not limited to the following procedures to address the issue:

- Obtained and reviewed the cash flow projection and the valuation report issued by independent professional valuer;
- Considered and assessed the recognition of the goodwill and other identifiable assets and liabilities, if any, as at the date of acquisition;
- Considered and assessed the related potential impairment by reference to the independent professional valuer; and
- Considered the potential penalty by reference to the PRC legal opinion.

Given the development and current status of the E-commerce Business, the Group expects full impairment should be made in respect of the E-commerce Business as the date hereof. However, having taken into account the Qualification B, BDO considers the qualification on the valuation and recoverability of goodwill and interests in subsidiaries relating to the E-commerce Business remain unresolved in their audit of the consolidated financial statements for the year ended 31 March 2018. Any adjustments 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, BDO was unable to satisfy themselves 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. BDO's opinion on the consolidated financial statements for the year ended 31 March 2018 was modified accordingly. BDO had removed the qualification in relation to Qualification B in their opinion on the consolidated financial statements for the year ended 31 March 2019.

Qualification C

In light of the above underlying causes of such audit qualification, the Company has engaged KLC to perform a review of the procedures, systems and controls for the Group in order to improve the internal control systems and financial reporting procedures of the Group. The Company had implemented the said suggestions provided by KLC in 2018 and nothing came to KLC's attention to indicate that there was any material irregularity or error on the financial reporting procedures and the internal control systems of the Group.

In addition, the Group had inactivated Artini Macao Commercial Offshore Limited ("**AOL**"), the Group's subsidiary which generated the Agency Fee Income, for the year ended 31 March 2017. In addition, the Group confirmed that the Agency Fee Income was an one off transaction and did not recur in the current year. Accordingly, the management of the Group believed that the issue in relation to the Agency Fee Income would not recur and give rise to any qualification.

BDO performed audit procedures including but not limited to the following procedures to address the issue:

- Reviewed the available books and records of AOL to ensure that the subsidiary business was inactivated;
- Scrutinised the bank statements of AOL for any unusual receipts and payments;
- Scrutinised the general ledger for any unusual transactions; and
- Circularised debtors confirmations on a sampling basis.

Notwithstanding the above, as any adjustments that might have been found to be necessary in respect of the Qualification C would have a consequential significant effect on the Group's financial performance for the year ended 31 March 2017 and the consolidated financial position as at 31 March 2017. BDO considered this qualification remain unresolved in their audit of the consolidated financial statements for the year ended 31 March 2018. BDO's 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. BDO had removed the qualification in relation to Qualification C in their opinion on the consolidated financial statements for the year ended 31 March 2019.

Qualification D

The deposit balance of HK$31 million as at 31 March 2017 was related to the deposit paid for the acquisition of trademarks. The acquisition was completed on 6 December 2017 and the legal title of the trademarks was transferred to the Group. Accordingly, the balance was therefore reclassified as intangible asset on the balance sheet since the Group had obtained the legal title.

BDO performed audit procedures including but not limited to the following procedures to address the issue:

- Examined the sale and purchase agreement for the trademarks;
- Inspected the trademark certificates and checked the registration of trademarks in the Trademark Office of The State Administration For Industry & Commence of the PRC are in the name of the group companies; and
- Considered and assessed the related potential impairment by reference to the independent professional valuer.

As illustrated above, Qualification D is removed from the annual report of the Group for the year ended 31 March 2018.

Qualification E

In light of the above underlying causes of such audit qualification, the Company has engaged KLC to perform a review of the procedures, systems and controls for the Group in order to improve the internal control systems and financial reporting procedures of the Group. The Company had implemented the said suggestions provided by KLC in 2018 and nothing came to KLC's attention to indicate that there was any material irregularity or error on the financial reporting procedures and the internal control systems of the Group.

In addition, the Group confirmed that the Unknown Receivables and Payables related to the Group's CDM Sales Business and Retail and Distribution Business previously operated by the subsidiaries, AOL and Artini International Company Limited, which ceased to operate in the year ended 31 March 2016. All the retail shops of the Group were closed since September 2016. As the Unknown Receivables and Payables were brought forward from previous years and carried forward for years, the Group decided to fully write off and write back the Unknown Receivables and Payables for the year ended 31 March 2017. The Group obtained independent legal opinion and confirmed that the Group's right to collect and liabilities to settle the Unknown Receivables and Payables are discharged as at 31 March 2017, since the balances were outstanding over 2 years and the right for respective debtors and/or creditor to take legal action was expired.

BDO performed audit procedures including but not limited to the following procedures to address the issue:

- Updated with the Group on the status of the Unknown Receivables and Payables balances;
- Scrutinised the bank statements for any unusual receipts and payments subsequent to the balance sheet date;
- Performed litigation search for any potential claim of payments; and
- Obtain legal opinion on the Group's right to collect and liability to settle the Unknown Receivables and Payables and considered the related impacts.

As illustrated above, Qualification E is removed from the annual report of the Group for the year ended 31 March 2018.

Board's View and Assessment

Revenue of e-commerce business

There were no similar revenue and expenses occurred during the year of 31 March 2018 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. Relevant qualification had been removed in the Group's consolidated financial statements for the year ended 31 March 2019 and will have no impact to the Group's financial statements in future.

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

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 and the carrying amount of related goodwill decreased to zero as at 31 March 2018. Relevant qualification had been removed in the Group's consolidated financial statements for the year ended 31 March 2019 and will have no impact to the Group's financial statements in future.

Agency fee income

There was no similar agency fee income occurred during the year of 31 March 2018, and all the related net receivables were subsequently settled. Relevant qualification had been removed in the Group's consolidated financial statements for the year ended 31 March 2019 and will have no impact to the Group's financial statements in future.

Fulfillment of the Second Resumption Condition

Based on the above and the matters disclosed in the Annual Results 2018, the Annual Report 2018 and the Annual Results 2019, the Company considers that it has fully addressed the Disclaimer of Opinion and has fulfilled the Second Resumption Condition.

E. FULFILLMENT OF THE THIRD RESUMPTION CONDITION – ADEQUATE FINANCIAL REPORTING PROCEDURES AND INTERNAL CONTROL SYSTEMS

Engagement of Internal Control Expert

Background

The Company has engaged KLC in Hong Kong to perform a review of the procedures, systems and controls for the Group. KLC is an independent and professional firm specialising in corporate governance, internal audit and internal control review services. It has been providing pre-IPO internal control review services to listing applicants and annual internal control review services to listed companies since 2015.

Scope of work of internal control expert

KLC conducted an independent internal control review (the "**Internal Control Review**") of the Group to assess whether the Company has put in place adequate financial reporting procedures and internal control systems to meet the obligations of the Company under the Listing Rules.

The Internal Control Review contained findings, recommendations and management action plan in aspects: (1) internal control system evaluation under COSO framework, (2) compliance with corporate governance code, and (3) review on internal control system by business cycles.

Results of the Internal Control Review

Based on the preliminary suggestions of KLC in April 2018, the Company has implemented measures to improve the internal control systems and financial reporting procedures of the Group. KLC has conducted a follow-up review and concluded in July 2018 the Company had implemented the said suggestions and nothing came to their attention to indicate that there was any material irregularity or error on the financial reporting procedures and the internal control systems of the Group to meet the general principles and obligations under the Listing Rules.

Based on the above, the Company is of the view that it has put in place adequate financial reporting procedures and internal control systems to meet its obligations under Listing Rules.

Directors' Training

With a view to further strengthen the internal control of the management of the Company, the Directors attended a 15-hour training in early June 2019 covering topics including directors' duties and corporate governance matters, financial reporting and disclosure control, and internal control on risk assessment and management.

Engagement of Compliance Adviser

The Company has appointed Alliance Capital as its compliance adviser, who will act as the alternate channels of communications with the Stock Exchange for the period commencing on the date of the Resumption and ending on the date which is the first anniversary of the date of the Resumption. Alliance Capital will provide professional advice on matters relating to compliance with the Listing Rules and other obligations for companies listed in Hong Kong.

Fulfillment of the Third Resumption Condition

Based on the above, the Company considers that it has fulfilled the Third Resumption Condition.

F. FULFILLMENT OF THE FOURTH RESUMPTION CONDITION – INFORMING THE MARKET ABOUT ALL MATERIAL INFORMATION

Announcement since the Trading Suspension

Since the Trading Suspension, the Company has published various announcements to keep its shareholders and potential investors informed of the situation and development of the Company:

17 July 2017	The Company published the Annual Results 2017
16 August 2017	The Company published the Annual Report 2017
13 September 2017	The Company published an update announcement on suspension of trading

18 October 2017	The Company published an announcement on discloseable and connected transactions in relation to acquisition of online retail platform business
27 October 2017	The Company published an announcement in relation to the 1st Letter and first delisting stage
1 November 2017	The Company published a supplemental announcement in relation to first delisting stage and resumption conditions
7 November 2017	The Company published an update announcement on listing status
30 November 2017	The Company published its interim report 2017/18
15 February 2018	The Company published an update announcement on the progress of fulfillment of resumption conditions
15 March 2018	The Company published an update announcement on the progress of fulfillment of resumption conditions
29 March 2018	The Company published an announcement in relation to the appointment of BDO as auditor
13 April 2018	The Company published an update announcement on the progress of fulfillment of resumption conditions and business update
7 May 2018	The Company published an announcement in relation to the 2nd Letter and second delisting stage
15 June 2018	The Company published an update announcement on the progress of fulfillment of resumption conditions and business update
19 June 2018	The Company published an announcement in relation to the date of Board meeting for the approval of the 2018 Final Results
25 June 2018	The Company published an announcement in relation to profit warning
29 June 2018	The Company published the Annual Results 2018
27 July 2018	The Company published the Annual Report 2018

31 July 2018	The Company published an announcement in relation to a discloseable transaction
1 August 2018	The Company published an announcement in relation to the update of the resumption plan and business update
10 September 2018	The Company published an announcement in relation to the completion of a discloseable transaction
24 September 2018	The Company published an announcement in relation to the submission of the 2nd Resumption Proposal
5 November 2018	The Company published an announcement in relation to the update of the resumption plan and business update
15 November 2018	The Company published an announcement in relation to positive profit alert
27 November 2018	The Company published the interim results for the six months ended 30 September 2018
7 December 2018	The Company published the interim report for the six months ended 30 September 2018
4 February 2019	The Company published an announcement in relation to the update of the resumption plan and business update
3 May 2019	The Company published an announcement in relation to the update of the resumption plan and business update
4 June 2019	The Company published an announcement in relation to positive profit alert
17 June 2019	The Company published the Annual Results 2019
4 July 2019	The Company published and despatched this circular to its Shareholders containing further details of its proposal for the Resumption

Save for the above, as of the Latest Practicable Date, the Board is not aware of any other material information of the Group which ought to be disclosed to keep its shareholders and potential investors informed of the situation and development of the Company.

Fulfillment of the Fourth Resumption Condition

Based on the above, the Company considers that it has fulfilled the Fourth Resumption Condition.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares was suspended with effect from 9:00 a.m. on 3 July 2017 and will remain suspended until further notice. The release of this circular does not necessarily indicate that trading in the Shares will be resumed. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the Shares. The Company will make further announcement(s) as and when appropriate.

RESPONSIBILITY STATEMENTS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Alliance Capital, being the financial adviser to the Company in respect of the Resumption, has performed the relevant due diligence steps in accordance with Practice Note 21 of the Listing Rules in relation to the Resumption which covered the period from the date of the Trading Suspension up to the Latest Practicable Date of this circular.

For and on behalf of
Primeview Holdings Limited
Tse Hoi Chau
Chairman

SOURCE OF INFORMATION

We commissioned CIC, a market research and consulting company and an Independent Third Party, to conduct an analysis of, and to report on the advertising industry in the PRC for the period from 2014 to 2023. The CIC Report has been prepared by CIC independent of our influence. CIC is a consulting firm founded in Hong Kong. It provides professional industry consulting services across multiple industries. CIC's services include industry consulting services, commercial due diligence and strategic consulting.

Our Directors are of the view that the information set forth in this section is reliable and not misleading as the information was extracted from the CIC Report and CIC is an independent market research company with extensive experience in their profession. The information and data collected by CIC have been analysed, assessed and validated using CIC's in-house analysis models and techniques. Primary research was conducted via interviews with key industry experts and leading industry participants. Secondary research involved analysis is of market data obtained from several publicly available data sources, such as releases from the Governments of the research countries, company reports, independent research reports and CIC's own internal database. The methodology used by CIC is based on information gathered from multiple levels and allows such information to be cross-referenced for accuracy. On the basis of the aforementioned, we consider the data and statistics to be reliable.

ASSUMPTIONS

The CIC Report contains a variety of market projections which were produced with the following key assumptions: (i) the overall social, economic, and political environment in the research scope regions are expected to remain stable during the forecast period; (ii) related key industry drivers are likely to propel continued growth in PRC's offline fashion accessories industry throughout the forecast period (e.g., demand from overseas market, popularity of boutique fashion retailers, rich OEM/ODM experience and market insights, and rapid growth of fast fashion and affordable luxury industry, etc.), the online fashion accessories market (e.g., enlarging base of middle class urban population, increasing number of online shoppers, and well-established logistics and online payment systems, etc.); and (iii) there is no extreme force majeure or unforeseen industry regulations in which the market may be affected in either a dramatic or fundamental way.

The CIC Report mainly focuses on the fashion accessories industry in China. Our Directors confirm that after taking reasonable care, there is no adverse change in the market information since the date of the CIC Report which may qualify, contradict or have an impact on the information in this section.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the CIC Report. Parameters used in the CIC Report include:

(i) Market size of fast fashion and affordable luxury industry by sales channel;

(ii) Market size of fashion accessories wholesale market in terms of sales value;

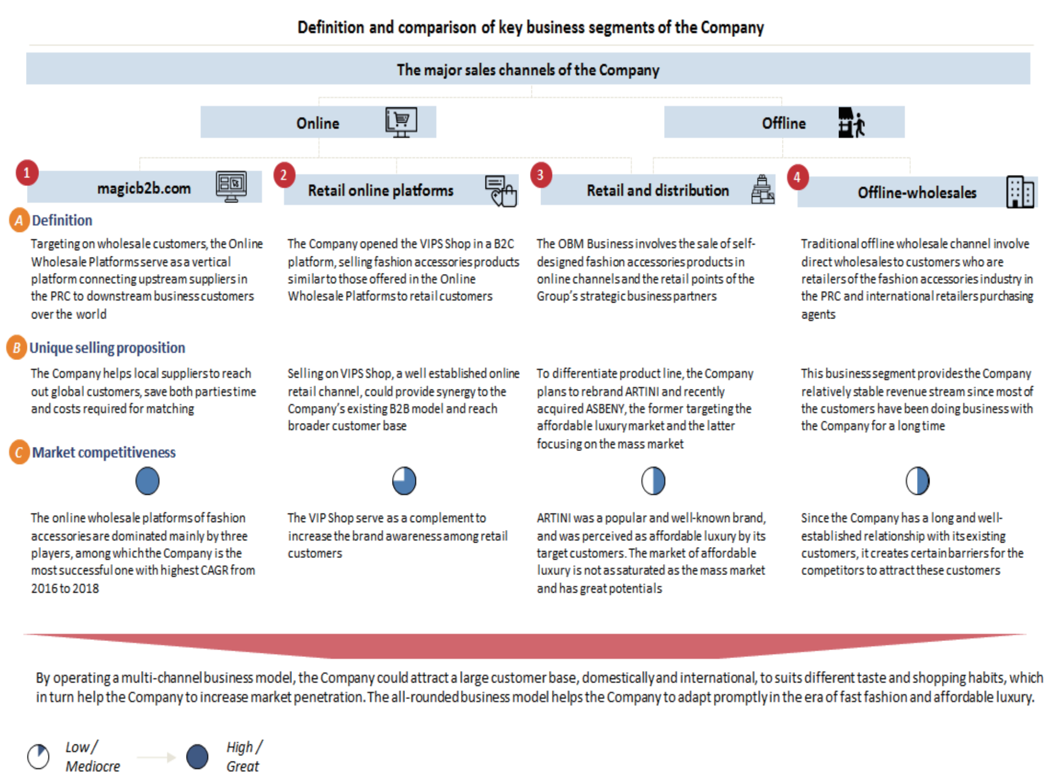
(iii) Market size of fashion accessories online wholesale market in terms of sales value;

(iv) Market size of fashion accessories export value via B2B e-commerce platforms in terms of sales value;

(v) Market size of domestic fashion accessories retail market in terms of sales value.

INDUSTRY OVERVIEW IN RELATION TO THE INTEGRATED FASHION ACCESSORIES PLATFORM BUSINESS

By operating a multi-channel business model, the Company could attract a large customer base, domestically and international, to suits different taste and shopping habits, which in turn help the Company to increase market penetration. The all-rounded business model helps the Company to adapt promptly in the era of fast fashion and affordable luxury.



Definition of fashion accessories

Fashion accessories are accessories used to highlight one's personality, style and ensemble. It can be artisan-made or mass-produced. Fashion accessories allow consumers to follow trends on a budget and are strongly influenced by fashion trends. Prices range variously, depending on metals, stones and product types such as earrings, necklaces, rings, bracelets, key chains and etc.

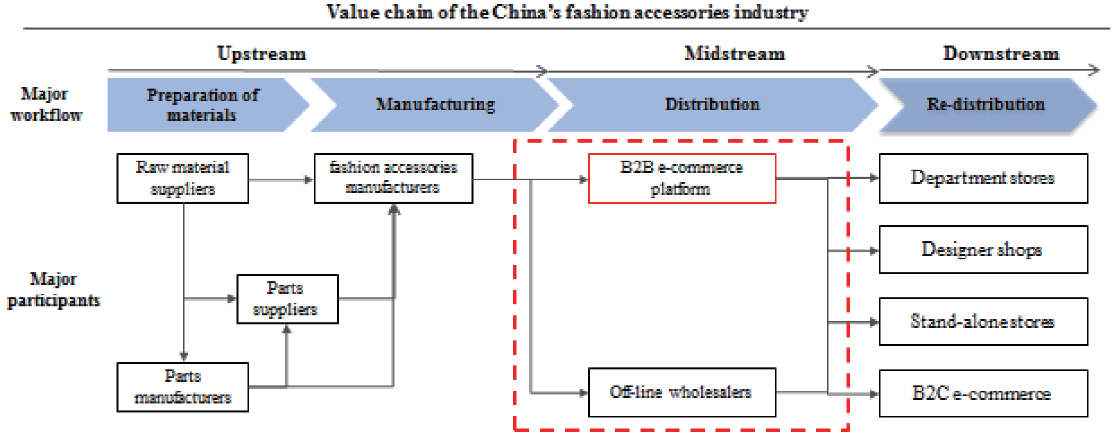
Value chain analysis of PRC fashion accessories industry

The upstream of the PRC fashion accessories industry mainly consists of raw material suppliers and manufacturers. However, each step of the whole process could be outsourced to parts manufacturers who specialise in moulding, polishing or metal plating. The upstream is quite fragmented since there are low entry barriers.

Fashion accessories manufacturers rarely sell directly to the individual customers. Downstream merchants are either connected with upstream manufacturers through B2B e-commerce platform or more traditionally, there are wholesalers acting as middlemen.

Downstream merchants include department stores, designer shops, stand-alone stores and B2C e-commerce platforms.

Value chain of the China's fashion accessories industry



Source: CIC

Overview of PRC fast fashion and affordable luxury industry

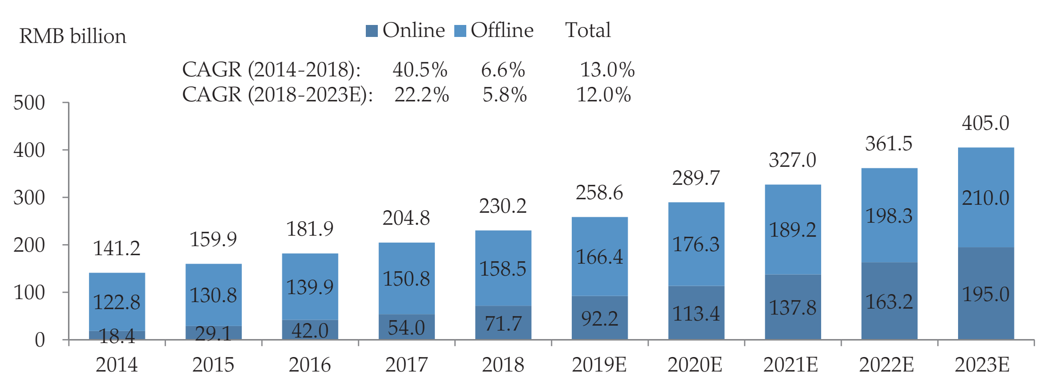
Both fast fashion and affordable luxury products are based on the most recent fashion trends with high-speed reproduction. Fast fashion products are cheaply available to general young buyers; while affordable luxury products usually come from quality brands, aiming to middle-class young buyer with higher budgets. The expansion of middle-class, the increasing demand for trendy and personalized products, as well as renovation from new designers has driven, and will continue to drive the growth of the affordable luxury market.

In recent years, the trend of fashionable and casual design in the PRC has generated customer demand for garments with various styles to fit into different social situations. Chinese consumers, along with increasing fashion awareness, intend to purchase multiple sets of clothes. The increasing popularity of fast fashion and affordably luxury has complemented increasing demand for fashion accessories to match their accessories with their outfits. Therefore, consumers purchase these products more frequently. Existing fashion accessories are often replaced with new ones which are considered to be on trend.

The affordable and often disposable nature of fashion accessories lends itself to the online sales channel. Consumers have been feeling more comfortable purchasing fashion accessories online. Additionally, online fashion accessories retailers generally have shorter supply chains, allowing retailers to quickly adapt to fashion trends. This will give online retailers a competitive advantage in comparison with traditional bricks-and-mortar accessories retailers.

In addition, along with the development of e-commerce business in PRC, the fast fashion and affordable luxury industry has also witnessed a shift of sales channel from offline to online. Specifically, the online sales of fast fashion and affordable luxury products increased at a CAGR of 40.5% between 2014 and 2018, while CAGR of the sales from offline channel was 6.6% during the same period. The online sales of fast fashion and affordable luxury products is expected to grow further to take 48.1% of the total fast fashion sales in PRC by 2023.

The retail sales value of fast fashion and affordable luxury industry by sales channel, PRC, 2014-2023E



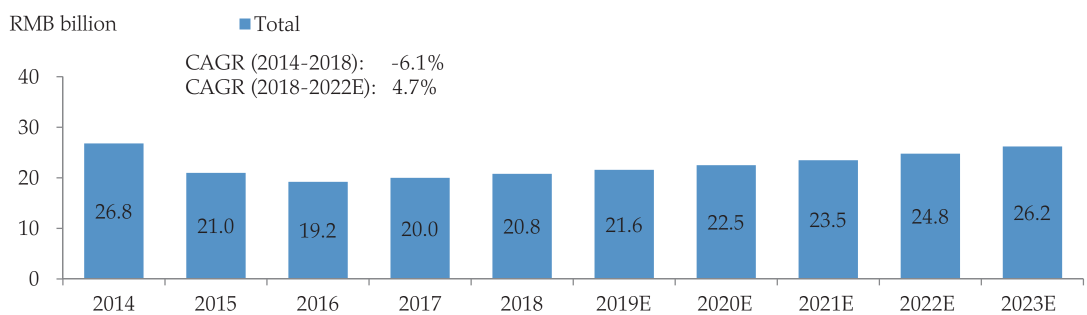
Source: CIC

Market size of fashion accessories wholesale market

From the production aspect and in terms of wholesale value, PRC fashion accessories held a market size of RMB20.8 billion in total in 2018 with a negative CAGR of 6.1% between 2014 and 2018. The PRC remains the largest fashion accessories exporter in the world and around 43% of the production of fashion accessories were for export in 2018. Due to the changing consumer behavior in the PRC towards online shopping, more and more fashion accessories companies like the Group go online and shut down their offline retail stores for better overall performance. Furthermore, these companies also typically outsource the manufacturing process to suppliers and only focus on the sales of fashion accessories which also help them to cut the high cost of manufacturing while achieve better performance on the sales only.

At the same time, the PRC is also expected to have an increasing demand of fashion accessories in response to the global fast fashion and affordable luxury trend and nationwide consumption upgrade. The wholesale value of fashion accessories is therefore expected to increase at a CAGR of 4.7% over the next five years and reach RMB26.2 billion in 2023.

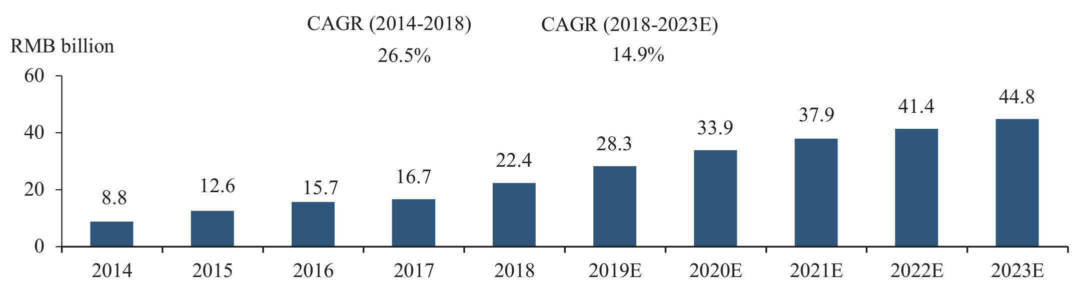
Wholesale value of fashion accessories industry, PRC, 2014-2023E



Source: CIC

High internet and smartphone penetration in China along with the convenience of online shopping and the strong awareness of technology among Chinese businessmen and consumers are boosting the development of internet wholesale. Between 2014 and 2018, market size of fashion accessories products via B2B online platforms in terms of GMV in PRC increased from RMB8.8 billion to RMB22.4 billion, with a CAGR of 26.5%. Besides domestic demands and consumptions, demands generated from foreign business buyers are substantial as well. Large amount of the fashion accessories are been exported to European countries and United States, as China has the advantage of low labour cost of production. The market size of fashion accessories products via B2B online platforms in terms of GMV is expected to reach RMB44.8 billion by 2023, representing a CAGR of 14.9%.

Market size of fashion accessories products via B2B online platforms in terms of GMV, PRC, 2014-2023E

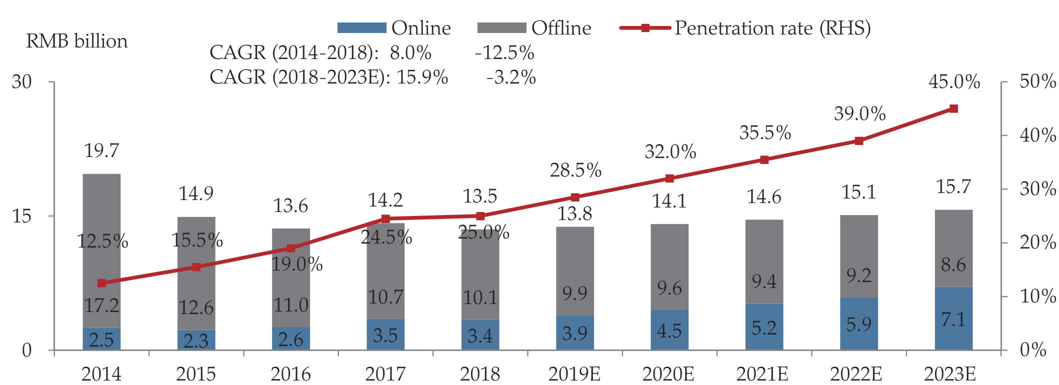


Source: CIC

Specifically, the export value of fashion accessories via B2B e-commerce platforms of the PRC has increased from RMB2.5 billion with a penetration rate of 12.5% in 2014 to RMB3.4 billion with a penetration rate of 25.0% in 2018, representing a CAGR of 8.0%.

The B2B e-commerce platform offers a more efficient and transparent environment for fashion accessories export business and also extends the distribution channel for manufacturers to all the potential buyers all over the world. Under the big environment of increasing e-commerce penetration of export business, PRC's overall online export value is expected to continue the two-digit growth. As fashion accessories are easy and attractable to e-commercialise by commodity nature, the online export value of PRC's fashion accessories is expected to grow at an above average CAGR of 15.9% from 2018 and 2023, reaching RMB7.1billion by 2023, with a penetration rate of 45.0%.

Fashion accessories export value via B2B e-commerce platform & penetration rate, PRC, 2014-2023E



Source: CIC

Market drivers of fashion accessories wholesale market

Demand from overseas market: PRC fashion accessories industry has already taken the majority of global market. The PRC and Hong Kong SAR together accounted for more than 50% of the total export value global fashion accessories industry. As the demand from overseas market keeps increasing, PRC fashion accessories industry will be driven accordingly.

Rich OEM/ODM experience and market insights: Thanks to the mature supply chain management and international trade process, the PRC has continued to be world largest fashion accessories production country for years. Rich industry experience on OEM/ODM and market insights are expected to promote the fashion accessories market development by keeping low manufacturing and operation cost as well as acting quickly toward ever changing fashion trends.

Well-established logistics and online payment systems: The development of China's e-commerce market is deeply related to the increase of online business shoppers and the convenience of online payment. The e-commerce transaction amount grew rapidly as well, from RMB16.4 trillion in 2014 to RMB31.6 trillion in 2018. Other than the increasing transaction amount in China, the logistics systems which cover the vast majority of China also showed fast development. In 2014, the average express delivery time in China was 56.4 hours. This number slightly increased to 56.8 hours in 2018, representing a CAGR of 0.2% between 2014 and 2018. The extension of average delivery time was caused by the growing demand for express delivery, especially from the underdeveloped western region, which increased by 35.5% in 2018. The surveys conducted by the State Post Bureau of China regarding to express delivery services indicated that the satisfaction score increased steadily from 78.4 in 2014 to 81.7 in 2018, showing that the well-established logistics system also makes online wholesale shopping increasingly convenient and smooth in China.

Future trends of fashion accessories wholesale market

Expansion of tier-3 and tier-4 cities: Lower tier cities in the PRC are developing fast in recent years. By 2018, residents in tier 3 and lower tier cities contributed to almost 60% total national consumption expense, and are expected to consume more in the near future. Thus, there are huge growth potential for fashion accessories distributors in lower-tier cities, who typically procure the products in bulk from wholesale suppliers.

Increasing adoption of B2B e-commerce: E-commerce drives the industry particularly in cost saving, gain strategic sales focus, extend the reach to new retail customers, and improve customer experience & satisfaction. More specific, as mobile devices take over the essential place in B2B e-commerce and the numbers of smartphone users will grow, which will positively affect the industry to a great extent. Moreover, B2B e-commerce are reaching out to millions of potential international buyers, which provides a huge potential of global market for the industry.

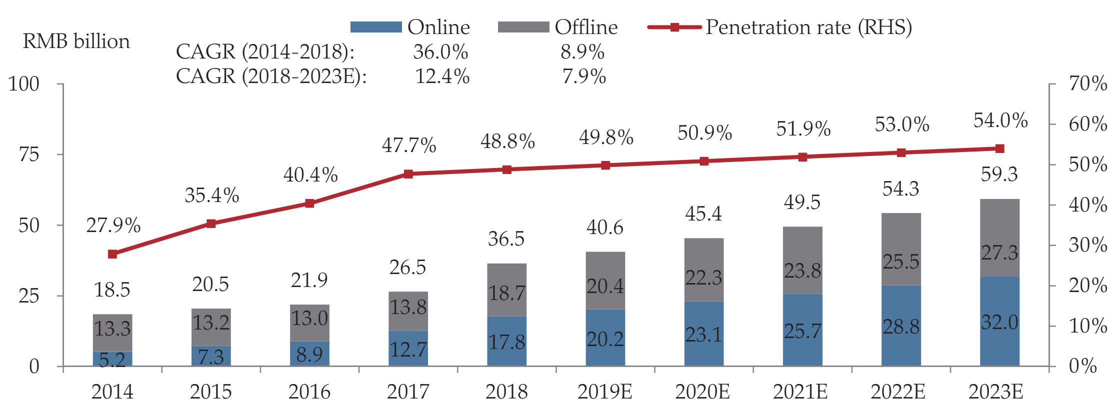
Market size of fashion accessories domestic retail sales market

The fashion accessories domestic retail sales market develops more steadily than wholesales market, with online channels gradually taking over traditional offline stores as the main retail sales channel.

For the past five years, the domestic retail sales value of fashion accessories via e-commerce platforms increased from RMB5.2 billion in 2014, to RMB17.8 billion in 2018, representing as a CAGR of 36.0%. In comparison, the domestic retail sales value of fashion accessories via offline channels increased at a CAGR of 8.9% from RMB13.3 billion in 2014 to RMB18.7 billion 2018.

The overall domestic retail sales value of fashion accessories is expected to expand further in the next five years, as the new generation of consumers are willing to spend more money on fashion accessories. As the e-commerce market gets more mature, the penetration rate is expected to grow at a more stable and sustainable rate and reach 54.0% by 2023. Therefore, the domestic online retail sales value of fashion accessories is expected to continue to increase to RMB32.0 billion in 2023, with a CAGR of 12.4% between 2018 and 2023.

Fashion accessories domestic retail sales value by sales channel, PRC, 2014-2023E



Source: CIC

Market drivers of fashion accessories domestic retail sales market

The enlarging base of middle class urban population in China: The urban middle class household population (annual household income between RMB90,000 and RMB350,000) has increased from 519.6 million people in 2014 to 588.6 million people in 2017 and further to 613.6 million people in 2018. It is expected to continue growing to reach 714.9 million people by 2023. The growth of middle class household population is expected to drive the overall spending power in China. With more young population being the major cohort of Chinese affluent consumers, the fashion accessories domestic retail sales market in China is expected to have an increasing base of target customers. In addition, increasing spending on apparel and accessories is expected as the per capita expenditure on apparel and accessories reached RMB1,321 in 2018.

Popularity of boutique fashion accessories retailers: Along with the consumption upgrade and change of consumer behavior granted higher recognition of brand, design, and quality yet lower sensitivity to prices. Boutique fashion accessories retailers therefore gain popularity among consumers by offering quality products and shopping experience while taking higher brand and design premium to generate higher retail sales value, which is expected to promote the overall offline fashion accessories market in the PRC.

Large online shopper base with comparably low penetration rate of online shopping: Purchasing goods and services online has become a common practice around the world. Given the huge population base and increasing purchasing power in China, China has the highest number of online shoppers, which amounted to 610.1 million people in 2018. Given the large amount of online shoppers in China, there is a strong potential for continued expansion in the country's online retail market. China is the largest online market, followed by the U.S. with 220.6 million online shoppers in 2018. The number of online shoppers in Japan, Germany, the UK, and South Korea amounted to 80.3 million people, 51.4 million people, 44.0 million people, and 30.9 million people, respectively. Nevertheless, China's online retail penetration rate is still comparatively low, especially when compared with other developed countries. As such, there still remains an enormous opportunity for further growth in the online shopping market in China, underpinned by the increase in consumer spending power and continuous online penetration.

Future trends of fashion accessories domestic retail sales market

Increasing needs for tailored and quality fashion accessories: With the rising of Chinese emerging middle class, Chinese fashion accessories market is no longer dominated by domestic and low-end brands. Chinese consumers are searching for fashion products with high-quality and distinctive design to present their financial capability as well as their taste. Compared with offline shopping, online shopping can provide more choices to consumers at one time. Moreover, it is more convenient for consumers to find product reviews, purchase tailored and customized fashion accessories, and place orders anytime and anywhere through internet. Based on these data, suppliers and online shopping platforms can capture and analyze customer response and feedback with big data analytics capabilities in a timely manner, thus providing guidance to product design and supply chain management.

More customers are using mobile platforms and other online channels for online shopping of fashion accessories: The mobile internet penetration rate in China is at a high level and is expected in further increase. In 2018, there were 817.0 million mobile internet users in China, much higher than number of PC internet users, which was only 11.5 million people. While mobile internet penetration in China increased from 85.8% in 2014 to 98.6% in 2018. It is anticipated that by 2023, 99.8% of internet users will use mobile as their main terminal of internet connection. With more people choosing mobile phones as their major terminal for internet connection, the trend is expected to extend to the online fashion accessories industry. China's e-commerce market will become more diversified, with an increasing number of online shopping platforms emerging in the process. Currently, new online shopping channels such as short video sharing platform and community based e-commerce are gaining huge attention, which attract customers to place orders while they are watching video or chatting with their neighbors. In addition, Chinese Millennials are highly fashion-conscious and are used to browsing fashion information on social media, this makes social media platforms such as Weibo and WeChat almost the must-haves to build brand image and promote products in China. As there are more online shopping platforms becoming available to the end customers, and the customers are more accustomed to place orders online, it became easier for brands to reach target consumers and promote their products quickly through multi-channel strategy.

Competitive landscape of B2B e-commerce platforms in PRC fashion accessories industry

Fashion accessories online wholesale market in PRC is very fragmented given the large number of market participants in 2018, which totaled over 5,000 fashion accessories manufacturers and distributors nationwide. Top five fashion accessories products B2B online platform shared about 6.3% of the total fashion accessories online wholesale market as at 31 December 2018. Our Group ranked the third in the fashion accessories online wholesale market in terms of GMV in 2018. GMV of our Group was approximately RMB157.0 million, with a corresponding market share of approximately 0.7% in the fashion accessories online wholesale market in terms of GMV.

As of 2018, large number of small-scale fashion accessories manufacturers and distributors who do not have self-operated online sales platform, choose to sell their products through third-party comprehensive e-commerce platforms, such as Alibaba (1688.com). The following companies all have their self-operated integrated online wholesale platforms which offer a wide variety of fashion accessories such as necklaces, earrings, and rings from different manufacturers. The online wholesale platform serve as a vertical platform connecting upstream suppliers in the PRC and downstream business customers over the world. By placing orders on the integrated vertical platform, both suppliers and customers would benefit from saving of time and costs required for matching the products available from the suppliers to the target customers.

Ranking of the fashion accessories products B2B online platform market participants in terms of GMV, PRC, 2018

Rank	Company name	Year established	Headquarter location	Business model	Brand positioning	Offline sales channel	GMV, 2018	Market share, 2018
							(RMB billion)	
1	Company A	2003	Shenzhen	Wholesale, retail	Middle-low end	N	762.5	3.4%
2	Company B	2014	Yiwu	Wholesale, retail	Middle end	Y	240.0	1.1%
3	Our Group	2010	Hong Kong	Wholesale	Middle-high end	Y	157.0	0.7%
4	Company C	2005	Shenzhen	Wholesale	Low end	N	127.6	0.6%
5	Company D	2000	Guangzhou	Wholesale, retail	Middle-low end	N	103.8	0.5%
	Subtotal						1,390.9	6.3%
	Others						20,984.2	93.7%
Total							22,375.1	100.0%

Source: CIC

The key success factors for leading fashion accessories products B2B online platform include:

Deep industry gene with leading suppliers: With 8 years' experience in PRC fashion accessories industry, the Group has 39 leading suppliers in Guangzhou, which all have good industry reputation and offer quality and reliable products.

Real-time inventory: A real-time inventory ensures the trade efficiency and helps the customers and manufacturers to keep up with the latest trend. Among all three vertical B2B e-commerce platforms for PRC fashion accessories, only the Group has a real-time inventory database of all its suppliers.

Active overseas buyers: Active overseas buyers introduce sustainable demands. The Group is dedicated to fashion accessories export business and has developed a loyal group of overseas customers.

Number of SKU: A large number of SKU means a wide choice for customers and is essential for fashion accessories industry, which is a part of the fast fashion and affordable luxury market and relies more on design and fashion trends than the material itself. In terms of the number of SKU, the Group is the top of the three vertical B2B e-commerce platforms and followed by Lekani and Neoglory.

Add-on services: The add-on services the platforms offer can be another key success factor. The services may include pre-order/pre-sale, sales agency, designer community, etc. As the market gets more competitive, the add-on services are expected to outperform its competitors.

Vertical B2B Platforms	CAGR (16'-18')	Industry gene	Leading suppliers	Real-time inventory	Active overseas buyers	Number of SKU	Add-on services
magicB2B.com (The Company)	247%	●	◕	◕	●	◕	●
Pfhoo.com (Lekani)	~50%	◕	◑	◔	◑	◕	◕
Shipindiy.com (Neoglory)	~25%	●	◕	◑	◔	◑	◑

Source: CIC

Entry barriers PRC fashion accessories industry

Well-established sales channel: Well-established sales channels which combine offline store and online store give the brand full exposure to its potential customers. On one hand, growing preference for convenience, along with rising popularity of online retail stores, is driving the customers to place more orders through online channels. On the other hand, customers are expecting more interactive shopping experiences which they can try the products and share with their friends instantly. A well-established multi-channel distribution platforms allow the company to meet different customers' needs and deliver the products in a timely manner.

Customer acquisition: With the decrease of China's e-commerce market's growth rate and the fierce competition of China's fashion accessories industry, customer acquisition costs (the average cost of acquiring one new customer) for new market entrant increase rapidly. Increasing growth rate of customer acquisition costs along with the rising marketing costs significantly raised operating costs of new market entrant, and has become one of the major barriers for new market entrant expansion.

Vast industry expertise: Both the fashion accessories retailer and wholesaler need to understand the unique features of the fashion accessories industry, such as seasonality, changing fashion trends, supply chain system and customer service features, so that they can better accommodate the demands of customers. In addition, industry knowledge regarding inventory management and brand positioning also play crucial role in minimizing costs and maximizing profits. Hence, new entrants may lack the necessary industry expertise that could assist in pointing them in the right direction in terms of their business operations.

Relationship with upstream suppliers: For fashion accessories retailer and wholesaler who do not possess manufacturing capacities need to maintain good relationships with upstream manufacturers, which can therefore ensure a relatively stable supply of products. With a well-maintained relationship, fashion accessories retailer and wholesaler are more likely to prevent any potential unforeseen losses, including losses associated with seasonality. Fashion accessories manufacturers usually prefer to work with familiar wholesalers and retailers and those with previously signed business contacts, both of which new entrants lack.

The Competitive strengths of the Group

Specialisation in vertical e-commerce: The Group is one of the very few existing vertical e-commerce platforms specialising in fashion accessories industry in the PRC. Comparing with comprehensive e-commerce platform, the vertical e-commerce platform provides a more professional and reliable platform, which is important for export business. Besides, the fashion accessories industry is highly fragmented by nature, and the Group's specialised platform brings manufactures and potential buyers to a single marketplace and makes the industry operate more efficiently.

Penetration effect: The Group offers all-inclusive services, ranging from research & development, manufacturing, sales and marketing to customisation. With the help of big data, the Group is expected to penetrate the information between buy side and sell side. Besides, the Group's deep gene in fashion accessories ensures a professional angle and acute sense of the market trends, which are significant strengths for the fast-changing market like the fashion accessories.

Upstream resources: The Group has established extensive cooperation relationships with upstream suppliers in PRC fashion accessories industry. Such suppliers obtain outstanding reputation in the industry while providing the best quality products which meet the changing taste of modern consumers. With such upstream resources, the Group is able to provide fashion accessories tailored to the consumer needs which could ultimately provide the Group the advantage over its competitors and achieve success.

Downstream resources: Through years of operation in PRC fashion accessories industry, the Group has established long-term relationships with downstream retailers in both domestic market and overseas market. Thus, as the Group opens its own B2B e-commerce platform, such downstream clients would easily be transferred to the advanced e-commerce platform which could benefit both themselves and the Group. As a consequence, the Group could easily build up its clients base and achieve success in the B2B e-commerce platform for PRC fashion accessories' industry.

Variety of business model and added value to clients: The Group provides not only the sales of fashion accessories over its B2B e-commerce platform but also many other value-added services to its overseas clients. With the help of such value-added services, the Group's clients have higher loyalty to the Group and could provide more value to the Group comparing to its competitors. Thus, the variety of business model and added value to clients allow the Group to have a strong competitive strength over its competitors.

Regional expansion opportunities: The Group focuses on the sales of domestic manufactured fashion accessories to its overseas clients. With the help of online sales channel and the Group's own e-commerce platform, the Group is able to expand to more countries with great potential. As a fact, in line with the growth of global fashion industry, the Group could see more opportunities in the regions which the Group has not access to. Thus, such competitive strength could give the Group not only the first mover effect in such regions but also boost the overall sales.

Industry opportunities: The PRC fashion accessories industry is expected to have a steady growth in the future, driven by the enlarging base of middle-class population, development of logistic and online payment channels, and evolving online platforms. Furthermore, more and more overseas retailers seek suppliers in the PRC over e-commerce platform. With such industry opportunities, the Group, with its own overseas e-commerce platform, is able to gain further market share and possess competitive advantage over its competitors.

The following is the text of a report, prepared by the Company's auditor, BDO Limited, Certified Public Accountants, Hong Kong.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PRIMEVIEW HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Primeview Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages II-6 to II-67, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Refer to Notes 16 and 17 to the consolidated financial statements.

The carrying amount of the Group's IFAPB Goodwill and intangible assets as at 31 March 2019 was approximately HK$2,534,000 and HK$ 31,058,000 (2018: 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 INFORMATION IN THE ANNUAL REPORT

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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, 17 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	6	271,287	59,719
Cost of sales		(185,321)	(38,646)
Gross profit		85,966	21,073
Other income	7	444	45
Other gains and losses, net	8	(1,915)	(141,656)
Net gains on disposals of subsidiaries	30	7,577	–
Selling and distribution expenses		(22,032)	(3,681)
Administrative expenses		(29,320)	(18,917)
Finance costs	9	(7)	(15)
Profit/(loss) before income tax	10	40,713	(143,151)
Income tax expense	13	(9,670)	(1,888)
Profit/(loss) for the year		31,043	(145,039)
Other comprehensive (expense)/income:			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		(4,723)	5,850
Other comprehensive (expense)/income for the year, net of income tax		(4,723)	5,850
Total comprehensive income/(expense) for the year		26,320	(139,189)
Earnings/(loss) per share			
– Basic and diluted (HK$)	14	0.006	(0.026)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	1,315	1,230
Goodwill	16	2,534	2,534
Intangible assets	17	31,058	31,094
		34,907	34,858
CURRENT ASSETS			
Inventories	19	37,492	1,776
Trade and other receivables	20	46,986	76,185
Amount due from a director		273	–
Cash and bank balances	21	88,328	45,033
		173,079	122,994
CURRENT LIABILITIES			
Trade and other payables	22	29,954	15,772
Contract liabilities	23	503	–
Income tax payable		18,970	9,397
Amount due to a director		–	258
Obligations under finance lease – current portion	24	45	177
		49,472	25,604
NET CURRENT ASSETS		123,607	97,390
TOTAL ASSETS LESS CURRENT LIABILITIES		158,514	132,248
NON-CURRENT LIABILITIES			
Obligations under finance lease – non-current portion	24	–	45
Deferred tax liabilities	18	14	23
		14	68
NET ASSETS		158,500	132,180
CAPITAL AND RESERVES			
Share capital	25	55,198	55,198
Reserves		103,302	76,982
TOTAL EQUITY		158,500	132,180

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	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 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/(expense) for the year	–	–	–	5,850	–	–	(145,039)	(139,189)
As at 31 March 2018 and 1 April 2018	55,198	913,906	(19,518)	25,828	9,436	35,993	(888,663)	132,180
Profit for the year	–	–	–	–	–	–	31,043	31,043
Other comprehensive expense for the year, net of income tax	–	–	–	(4,723)	–	–	–	(4,723)
Disposals of subsidiaries	–	–	(97)	–	–	–	97	–
Total comprehensive (expense)/income for the year	–	–	(97)	(4,723)	–	–	31,140	26,320
Lapsed share options	–	–	–	–	–	(13,736)	13,736	–
As at 31 March 2019	55,198	913,906	(19,615)	21,105	9,436	22,257	(843,787)	158,500

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 (2018: 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$ nil (2018: 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 2019

	2019	2018
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Profit/(loss) before income tax	40,713	(143,151)
Adjustments for:		
Depreciation of property, plant and equipment	625	313
Amortisation of intangible assets	36	15
Finance costs recognised in profit or loss	7	15
Interest income recognised in profit or loss	(204)	(45)
Net gains on disposals of subsidiaries	(7,577)	–
Gain on disposal of property, plant and equipment	(110)	–
Impairment losses recognised in respect of goodwill	–	141,000
Written-off of property, plant and equipment	–	92
Operating cash flows before changes in working capital	33,490	(1,761)
Decrease in deposit paid	–	22,552
Increase in inventories	(35,716)	(1,688)
Decrease/(increase) in trade and other receivables	26,376	(30,909)
Increase in trade and other payables	26,443	9,695
Increase in contract liabilities	503	–
Cash generated from/(used in) operations	51,096	(2,111)
Income taxes paid	–	(37)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	51,096	(2,148)
INVESTING ACTIVITIES		
Net proceeds from disposals of property, plant and equipment	110	–
Advance to a director	(273)	–
Purchase of property, plant and equipment	(750)	(769)
Interest received	204	45
Acquisition of a subsidiary, net of cash acquired *(Note 29)*	–	(2,283)
Disposals of subsidiaries, net of cash disposed *(Note 30)*	(1,861)	–
NET CASH USED IN INVESTING ACTIVITIES	(2,570)	(3,007)

	2019	2018
	HK$'000	*HK$'000*
FINANCING ACTIVITIES *(Note 36)*		
(Repayment to)/advance from a director	(258)	258
Repayments of obligations under finance lease	(177)	(169)
Interest paid on obligations under finance lease	(7)	(15)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(442)	74
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	48,084	(5,081)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	45,033	44,152
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(4,789)	5,962
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
Represented by cash and bank balances	88,328	45,033

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL INFORMATION

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

The Company acts as an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in sale of a wide selection of fashion accessories products mainly through the Group's self-operated online platform (the "**Integrated Fashion Accessories Platform Business**").

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

The principal activities of its subsidiaries are set out in Note 35.

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

(a) Application of new/revised HKFRSs – effective 1 April 2018

The Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards

A. HKFRS 9 – Financial Instruments

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment; and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss ("**FVTPL**"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost; (ii) financial assets at fair value through other comprehensive income ("**FVOCI**"); or (iii) financial assets at FVTPL. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "**solely payments of principal and interest**" criterion, also known as "**SPPI criterion**"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

Financial assets at FVTPL	Financial assets at FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Financial assets at amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
Financial assets at FVOCI (debt instruments)	Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
Financial assets at FVOCI (equity instruments)	Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 April 2018 under HKAS 39**	**Carrying amount as at 1 April 2018 under HKFRS 9**
			HK$'000	*HK$'000*
Trade and other receivables	Loans and receivables	Financial assets at amortised cost	75,966	75,966
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost	45,033	45,033

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("**ECLs**") model". HKFRS 9 requires the Group to recognise ECL for trade receivables, financial assets at amortised cost, contract assets and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current year.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investment at FVOCI, the loss allowance is recognised in other comprehensive income, instead of reducing the carrying amount of the assets.

(1) Impact on trade receivables

The Group has elected to measure loss allowances for trade receivables using simplified approach HKFRS 9 and calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on reasonable and supportable information that is available without undue cost or effort at the reporting date, including historical credit loss experience, shared credit risk characteristics and the number of days past due, adjusted for forward-looking factors specific to the debtors and the economic environment.

The adoption of the ECL model under HKFRS 9 does not have material impact on the carrying amounts of the Group's trade receivables as at 1 April 2018.

(2) Impact on the remaining financial assets at amortised cost

The remaining financial assets at amortised cost of the Group include other receivables and bank balance and cash. No changes have been made to loss allowance upon the transition to HKFRS 9 as of 1 April 2018.

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 March 2018, but are recognised in the statement of financial position on 1 April 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "**DIA**"):

- The determination of the business model within which a financial asset is held;

- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and

- The designation of certain investments in equity investments not held for trading as at FVOCI.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

B. HKFRS 15 – Revenue from contracts with customers

HKFRS 15 supersedes HKAS 11 "Construction Contracts", HKAS 18 "Revenue" and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Directors consider that the application of HKFRS 15 does not have a material impact on the timing and amounts of revenue recognised.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. Based on the assessment of the Group, no adjustments to the opening balance of equity at 1 April 2018 have been made on the initial application of HKFRS 15. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 April 2018.

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various goods and services are set out below:

Note	Product/service	Nature of the goods or services, satisfaction of performance obligations and payment terms	Nature of change in accounting policy and impact on 1 April 2018
(i)	Sale of fashion accessories products	Revenue from sale of fashion accessories products is recognised at point in time when the goods are delivered to, and have been accepted by, customers. Invoices for these service income are issued on delivery of goods.	HKFRS 15 did not result in significant impact on the Group's accounting policies. As at 1 April 2018, the receipt in advance of approximately HK$3,624,000 that were previously included in trade and other payables have been reclassified as contract liabilities.

C. Others

Amendments HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

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

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.

(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.

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRS 3	Definition of a business[2]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 11, Joint Arrangements[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]
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 2019

2 Effective for annual periods beginning on or after 1 January 2020

3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

HKFRS 16 – Leases

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

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

As at 31 March 2019, the Company had non-cancellable operating lease commitments of approximately HK$2,914,000 as disclosed in Note 28. The Directors do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's financial performance but it is expected that the Group has to separately recognise the interest expense on the lease liabilities and the depreciation expense on the right-of-use assets, and that certain portion of the future minimum lease payments under the Group's operating leases will be required to be recognised in the Group's consolidated statement of financial position as right-of-use assets and lease liabilities. The Group will also be required to remeasure the lease liabilities upon the occurrence of certain events (e.g. a change in the lease term) and recognise the amount of the remeasurement of the lease liabilities as an adjustment to the right-of-use assets. In addition, payments for the principal portion of the lease liabilities will be presented within financing activities in the Group's consolidated statement of cash flows.

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.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKAS 12, Income Taxes

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

Except for HKFRS 16, the Group is not yet in a position to state whether these new and revised HKFRSs will result in substantial changes to the Group's accounting policies and financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(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.

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.

(b) Subsidiaries

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

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

(c) Goodwill

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

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

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

(d)A Revenue recognition (accounting policies applied from 1 April 2018)

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(i) Revenue from sale of fashion accessories products is recognised at point in time when the goods are delivered to, and have been accepted by, customers.

(ii) Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

Contract liabilities

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

(d)B Revenue recognition (accounting policies applied until 31 March 2018)

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.

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.

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.

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.

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.

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.

(ii) Impairment

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

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

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

(m)A Financial Instruments (Accounting policies applied from 1 April 2018)

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

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

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

(ii) Impairment loss on financial assets

The Group recognises loss allowances for ECLs on trade receivables, contract assets and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

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

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The Hong Kong Companies Ordinance, Cap. 622, came into operation on 3 March 2014. Under the Ordinance shares of the Company do not have a nominal value. Consideration received or receivable for the issue of shares on or after 3 March 2014 is credited to share capital. Commissions and expenses are allowed to be deducted from share capital under s. 148 and s. 149 of the Ordinance.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the period.

(m)B Financial instruments (accounting policies applied until 31 March 2018)

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. Accordingly, the comparative financial information provided continues to be accounted for in accordance with the group's previous accounting policy.

(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.

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.

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.

(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.

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

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

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

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

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

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

(o) Inventories

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

(p) Provisions

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

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

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

(q) Cash and cash equivalents

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

(r) Related parties

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

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

(ii) has significant influence over the Group; or

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

(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.

Key sources of estimation uncertainty

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

(i) Impairment of trade and other receivables

The Group estimates the impairment allowances for trade and other receivables by assessing the ECL based on historical credit loss experience, forward looking factors, and the economic environment. This requires the use of estimates and judgments. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables, and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of each reporting period.

(ii) Estimated impairment of non-financial assets

Determining whether non-financial assets are impaired requires an estimation of the recoverable amounts of the CGUs to which non-financial assets have been allocated. The recoverable amount calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. During the current year, no impairment loss on goodwill (2018: HK$141,000,000) 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.

(v) Impairment of investments in subsidiaries

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

6. REVENUE AND SEGMENT INFORMATION

a. Revenue

Revenue represents the net amounts received and receivables that are derived from (i) sales of fashion accessories products during the years ended 31 March 2019 and 31 March 2018 and (ii) sales of software related applications during the year ended 31 March 2018.

b. Segment information

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

Specifically, the Group's reportable and operating segments for the years ended 31 March 2019 and 31 March 2018 were as follows:

Integrated Fashion Accessories Platform Business	(i) Wholesale of a wide selection of fashion accessories products through the Group's self-operated online platform. (ii) Others, consists of retail and distribution of fashion accessories products through third-party retail online platforms for retail customers in the People's Republic of China (the "**PRC**") and third party physical points of sale by authorised distributors and consignees in the PRC and Hong Kong, offline wholesale channels for trading of fashion accessories products to global wholesale customers and PRC wholesale customers
Software sales business	Development and sale of standard software related applications. The business was abandoned during the year ended 31 March 2018.
E-commerce business	Sales from developing and selling software related applications and provision of related services. The business was abandoned during the year ended 31 March 2018.
Concurrent design manufacturing ("**CDM**") business	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. The business was abandoned during the year ended 31 March 2018.

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

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

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

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

	E-commerce business	CDM business	Integrated Fashion Accessories Platform business	Software sales business	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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 losses on 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)
– 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
– Intangible assets						31,094
– Other receivables, prepayment and deposit						236
– Cash and bank balances						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 intangible assets	–	–	–	–	(15)	(15)
Impairment losses on goodwill	–	–	–	–	(141,000)	(141,000)
Written-off of property, plant and equipment	–	–	–	(92)	–	(92)

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

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 2019 and 2018.

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 intangible asset, certain property, plant and equipment, certain other receivables, and certain cash and bank balances.

- All liabilities are allocated to reportable and operating segments other than certain 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:

	2019	**2018**
	HK$'000	*HK$'000*
Hong Kong and Macao	9,547	–
The PRC, other than Hong Kong and Macao	30,857	10,254
Russia	63,715	24,928
America	114,263	14,337
Asian	10,873	2,235
Africa	2,557	1,569
Europe	30,748	3,344
Middle East	2,466	2,057
Australia	6,261	995
	271,287	59,719

The following table provides an analysis of the Group's non-current assets based on the geographical location of the assets:

	2019	**2018**
	HK$'000	*HK$'000*
Hong Kong and Macao	907	591
The PRC, other than Hong Kong and Macao	34,000	34,267
	34,907	34,858

c. Information about major customers

There is no single customer which contributed to 10% or more revenue to the Group's revenue for the year ended 31 March 2019 (2018: nil).

7. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Interest income	204	45
Others	240	–
	444	45

8. OTHER GAINS AND LOSSES, NET

	2019	2018
	HK$'000	*HK$'000*
Other gains and (losses), net comprise of:		
Net exchange losses	(2,025)	(564)
Impairment losses on goodwill	–	(141,000)
Net gain/(loss) on disposal/written-off of property, plant and equipment	110	(92)
	(1,915)	(141,656)

9. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on obligations under finance lease	7	15

10. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax has been arrived at after charging:

	2019	2018
	HK$'000	*HK$'000*
Staff costs (included directors' remuneration)		
Salaries, wages and other benefits	8,943	6,705
Contributions to defined contribution retirement plans	699	273
	9,642	6,978
Cost of inventories recognised as an expense	185,321	38,646
Depreciation of property, plant and equipment	625	313
Amortisation of intangible assets	36	15
Auditor's remuneration		
– Audit services	1,100	1,100
– Non-audit services	–	700
Operating lease charges in respect of office premises	1,456	953

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	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2019				
Executive directors				
Mr. Tse Hoi Chau	–	120	6	126
Mr. Lin Shao Hua	–	120	–	120
Mr. Leung Yiu Cho	–	980	18	998
Ms. Yu Zhonglian	–	120	6	126
Independent non-executive directors				
Mr. Lau Fai Lawrence	120	–	–	120
Mr. Lau Yiu Kit	120	–	–	120
Mr. Zeng Zhaohui	120	–	–	120
	360	1,340	30	1,730
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

Apart from the Directors, the Group has not classified any other person as a chief executive during the years ended 31 March 2019 and 31 March 2018.

During the years ended 31 March 2019 and 31 March 2018, 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 2019 and 31 March 2018.

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, one (2018: four) is a Director for the year ended 31 March 2019, details of whose emoluments are included in the disclosure in Note 11(a) above.

The emoluments of the remaining four individuals (2018: one) were as follows:

	2019	**2018**
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	1,605	340
Retirement benefit scheme contributions	81	12
	1,686	352

The emoluments of the four individuals (2018: an individual) with the highest emoluments are within the following band:

	2019	**2018**
	HK$'000	*HK$'000*
Nil to HK$1,000,000	4	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 during the year ended 31 March 2019, nor has any dividend been proposed since the end of the reporting period (2018: Nil).

13. INCOME TAX EXPENSE

	2019	**2018**
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– Current year	250	–
– Under-provision in prior years	1	37
	251	37
PRC Enterprise Income Tax		
– Current year	9,428	1,855
Deferred tax		
– Current year *(Note 18)*	(9)	(4)
Income tax expense	9,670	1,888

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2018. According to the Inland Revenue (Amendment) Bill 2017 which was substantively enacted after passing its Third Reading in the Legislative Council on 28 March 2018, the two-tiered profits tax regime (the "**Regime**") is first effective for the year of assessment 2018/19. Profits tax rate for the first HK$2 million of assessable profits of corporations is lowered to 8.25% with the excess assessable profits continue to be taxed at 16.5%. The Hong Kong profits tax for the year ended 31 March 2019 is provided based on the Regime.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% (2018: 25%) for the year.

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

	2019	**2018**
	HK$'000	*HK$'000*
Profit/(loss) before income tax expense	40,713	(143,151)
Tax calculated at the rate applicable to the tax jurisdictions concerned	7,085	(21,662)
Tax effect of expenses not deductible for tax purposes	223	23,326
Tax effect income not taxable for tax purposes	(127)	–
Tax effect of deductible temporary differences not recognised	(10)	(36)
Utilisation of tax losses previously not recognised	–	(1,013)
Tax effect of tax losses not recognised	2,498	1,236
Under-provision in prior years	1	37
Income tax expense	9,670	1,888

14. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit for the year of approximately HK$31,043,000 (2018: loss of HK$145,039,000) and the weighted average of approximately 5,519,840,000 (2018: 5,519,840,000) ordinary shares of the Company in issue during the year.

The basic and diluted earnings/(loss) per share are the same for the years ended 31 March 2019 and 31 March 2018 as the exercise of outstanding share options during the years would have anti-dilutive effect on the earnings/(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 2017	1,894	515	16	5,975	8,400
Additions	716	24	29	–	769
Exchange adjustments	–	3	–	–	3
Acquired on business combination *(Note 29)*	–	39	–	–	39
Written-off	(1,894)	(40)	(16)	(2,195)	(4,145)
As at 31 March 2018 and 1 April 2018	716	541	29	3,780	5,066
Additions	–	35	–	715	750
Exchange adjustments	(39)	(3)	–	–	(42)
Other disposals	–	–	–	(3,180)	(3,180)
As at 31 March 2019	677	573	29	1,315	2,594
Accumulated depreciation and impairments					
As at 1 April 2017	1,894	185	16	5,445	7,540
Acquire on business combination *(Note 29)*	–	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 and 1 April 2018	29	342	4	3,461	3,836
Exchange adjustments	–	(2)	–	–	(2)
Provided for the year	276	166	5	178	625
Eliminated on other disposals	–	–	–	(3,180)	(3,180)
As at 31 March 2019	305	506	9	459	1,279
Carrying amounts					
As at 31 March 2019	372	67	20	856	1,315
As at 31 March 2018	687	199	25	319	1,230

As at 31 March 2019, the carrying amount of motor vehicle included an amount of approximately HK$201,000 (2018: HK$319,000) in respect of assets held under finance lease (Note 24).

16. GOODWILL

	HK$'000
Cost	
As at 1 April 2017 *(Note (a))*	149,647
Acquisition of subsidiaries *(Note 29) (Note (b))*	2,534
As at 31 March 2018, 1 April 2018 and 31 March 2019	152,181
Impairments	
As at 1 April 2017	8,647
Impairment losses recognised in the year *(Note 8) (Note (a))*	141,000
As at 31 March 2018, 1 April 2018 and 31 March 2019	149,647
Carrying amount	
As at 31 March 2019	2,534
As at 31 March 2018	2,534

Notes:

(a) Goodwill arises from acquisition of Primeview Technology Limited ("**PVT**") on 31 October 2016. The goodwill is allocated to the CGU of the E–commerce Business.

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.

(b) Goodwill arises from acquisition of MBB and MJGZ on 31 October 2017 (Note 29). 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: 3%).

	2019	2018
	MBB	*MBB*
Discount rate	16.79%	15.8%
Operating margin	27%	24.14-25.77%
Growth rate within the five-year period	3.00-15.00%	3.00-20.51%

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	Licence rights	Customer lists	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(note (a))	*(note (b))*	*(note (b))*	
Cost				
As at 1 April 2017	1,840	14,048	–	15,888
Addition	31,000	–	–	31,000
Addition through business combination *(Note 29)*	–	–	109	109
Written-off	–	(14,048)	–	(14,048)
As at 31 March 2018, 1 April 2018 and 31 March 2019	32,840	–	109	32,949
Accumulated amortisation and impairments				
As at 1 April 2017	1,840	14,048	–	15,888
Amortisation	–	–	15	15
Written-off	–	(14,048)	–	(14,048)
As at 31 March 2018 and 1 April 2018	1,840	–	15	1,855
Amortisation	–	–	36	36
As at 31 March 2019	1,840	–	51	1,891
Carrying amount				
As at 31 March 2019	31,000	–	58	31,058
As at 31 March 2018	31,000	–	94	31,094

Notes:

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

The Group acquired trademark related to an Italian brand ("**Asbeny**") in March 2018. The recoverable amounts of Asbeny has been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% (2018: 3%).

	2019	2018
Discount rate	19.5%	18.40%
Operating margin	25%	24.14-25.77%
Growth rate within the five-year period	3.00-22.74%	3.00-20.51%

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

(b) The Group's licence rights and customer lists 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)*	27
Credit to profit or loss *(Note 13)*	(4)
As at 31 March 2018 and 1 April 2018	23
Credit to profit or loss *(Note 13)*	(9)
As at 31 March 2019	14

As at 31 March 2019, the Group does not has deductible temporary difference (2018: HK$248,000) 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 2019, the Group has unused tax losses of approximately HK$75,369,000 (2018: HK$60,027,000) 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$63,687,000 (2018: HK$48,345,000) will expire in the coming few years.

19. INVENTORIES

	2019 *HK$'000*	2018 *HK$'000*
Finished goods	37,492	1,776

No provision or reversal of impairment loss on inventories is made during the years ended 31 March 2019 and 31 March 2018.

20. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	10,305	16,155
Less: Allowances	–	(15,257)
Trade receivables, net	10,305	898
Rental deposits	110	243
Trade deposit paid	36,197	20,960
Prepayments	26	219
Other receivables, net of allowances	348	53,865
	36,681	75,287
	46,986	76,185

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

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

As at 31 March 2019, included in other receivables were receivables from a few independent third parties. All these balances have been fully settled subsequently.

As at 31 March 2018, included in other receivables were receivables from a few independent third parties. All these balances have been fully settled during the financial reporting period.

The Group generally allows an average credit period of 30 to 60 days (2018: 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:

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	9,187	882
31 – 60 days	1,019	10
61 – 90 days	13	6
91 – 180 days	80	–
181 – 365 days	6	–
	10,305	898

As of 31 March 2018, the ageing analysis of trade receivables which are past due but not impaired is as follows:

	2018
	HK$'000
Within 30 days past due	6

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

	2019	2018
	HK$'000	*HK$'000*
As at beginning of the year	15,257	15,257
Bad debt written off	(15,257)	–
As at end of the year	–	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.

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

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

	2019	2018
	HK$'000	*HK$'000*
Renminbi ("**RMB**")	4,335	898
United Stated Dollars ("**US$**")	5,500	–
Euro ("**EUR**")	392	–
	10,227	898

21. CASH AND BANK BALANCES

	2019	2018
	HK$'000	*HK$'000*
Cash and bank balances	88,328	45,033

As at 31 March 2019, the Group's bank balances carry interest at market rates ranged from 0.001% to 0.125% (2018: 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:

	2019	2018
	HK$'000	*HK$'000*
Currency:		
RMB	24,202	6,748

22. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	19,569	3,111
Receipts in advance	–	3,624
Other tax payables	3,277	3,334
Payrolls and staff cost payables	692	315
Other payables and accruals	6,416	5,388
	29,954	15,772

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 (2018: 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:

	2019	2018
	HK$'000	*HK$'000*
Within 3 months	14,028	1,489
More than 3 month less than 1 year	5,275	–
Over 1 year	266	1,622
	19,569	3,111

23. CONTRACT LIABILITIES

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

	31 March 2019	1 April 2018	31 March 2018
	HK$'000	*HK$'000*	*HK$'000*
Contract liabilities arising from:			
Sale of fashion accessories products	503	3,624	–

Note: The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance at 1 April 2018. As at 31 March 2019, the amount of HK$ 503,000 unsatisfied performance obligations resulting from sales of goods was expected to be recognised as income within one year.

The deposits of the Group receives on sales of fashion accessories products remains as a contract liability until the date deliver it to customer.

Movements in contract liabilities

	HK$'000
Balance as at 1 April 2018	3,624
Decrease in contract liabilities as a result of recognising revenue during the year	(229,985)
Increase in contract liabilities as a result of receipt in advance of sales of fashion accessories products	226,864
Balance at 31 March 2019	503

24. OBLIGATIONS UNDER FINANCE LEASE

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

	2019		**2018**	
	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	45	45	177	183
– Within a period of more than one year but not more than two years	–	–	45	45
	45	45	222	228
Less: Total future finance charges	–	–	–	(6)
	45	45	222	222
Less: Amount due for settlement within one year shown under current liabilities	(45)		(177)	
Amount due for settlement after 12 months	–		45	

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

	2019		2018	
	Number of shares	**Amount**	**Number of shares**	**Amount**
	'000	*HK$'000*	*'000*	*HK$'000*
Ordinary shares of par value HK$0.01 each				
Authorised:				
As at beginning and end of the year	30,000,000	300,000	30,000,000	300,000
Issued and fully paid:				
As at beginning of the year	5,519,840	55,198	5,519,840	55,198
As at end of the year	5,519,840	55,198	5,519,840	55,198

No movements of the authorised and issued share capital of the Company during the years ended 31 March 2019 and 31 March 2018.

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.

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 2019								
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
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)	–	–
					359,771,200	(59,371,200)	–	300,400,000
Weighted average exercise prices					0.2017	–	–	0.1484

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 2016 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	–	–	0.2017

Notes:

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

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

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

As at 27 March 2019, the options outstanding granted on 28 March 2014 had an exercise price of HK$0.4709, after the adjustment of Share Consolidation and Open Offer (2018: HK$0.4709) are lapsed.

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

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

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

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

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 2019, the outstanding options granted on 28 March 2014 had an exercise price of HK$0.4709 (2018: HK$0.4709 (after the adjustment of Share Consolidation and Open Offer)) are lapsed (2018: weighted average remaining contractual life of 0.99 years).

As at 31 March 2019, the outstanding options granted on 9 July 2015 had an exercise price of HK$0.147 and a weighted average remaining contractual life of 1.27 years (2018: 2.27 years).

As at 31 March 2019, the outstanding options granted on 27 November 2015 had an exercise price of HK$0.1488 and a weighted average remaining contractual life of 1.66 years (2018: 2.66 years).

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

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

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

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

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

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

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

As at 31 March 2019, the Company had 300,400,000 (2018: 359,771,200) 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 300,400,000 (2018: 359,771,200) additional ordinary shares of the Company and additional share capital of approximately HK$3,004,000 (2018: HK$3,598,000) and share premium of approximately HK$41,585,000 (2018: HK$68,949,000) (before the cost of issuance).

28. OPERATING LEASE COMMITMENTS

a. Operating leases

The Group as lessee

	2019 *HK$'000*	**2018** *HK$'000*
Minimum lease payments paid under operating leases during the year in respect of office premises and Directors' quarters	1,456	953

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

	2019 *HK$'000*	**2018** *HK$'000*
Within one year	1,617	1,766
In the second to the fifth years, inclusive	1,297	2,383
	2,914	4,149

Operating lease payments represent rentals payable by the Group for the Group's office premises and Directors' quarters. Leases are negotiated for lease terms ranging from one to two years (2018: 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

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, for an aggregate consideration of HK$2,500,000 (the "**Acquisition**"). 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 and the corresponding carrying amounts immediately before the Acquisition are as follows:

	MJGZ Carrying amount	**MBB Carrying amount**	**Total Carrying amount**	**Fair value**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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)

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 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 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 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 is immaterial.

30. DISPOSAL OF SUBSIDIARIES

(a) In June 2018, the Group completed the disposal of its 100% equity interest in Ho Easy Limited, which holds 100% equity interest in another two inactive subsidiaries, to an independent party, for a consideration of USD1 (equivalent to HK$8). Loss on disposal of the subsidiaries amounting to HK$923,000 was recognised in profit or loss.

(b) In September 2018, the Group completed the disposal of its 100% equity interest in Huan Hai Limited (the "**HHL**", together with the subsidiaries disposed of, the "**HHL Group**"), to three independent third parties, for a consideration of HK$18,899,000, in which HK$8,500,000 is for sale shares of HHL and HK$10,399,000 is for sale loan owing by HHL to the Group. HHL Group were licensed to carry out certain regulated activities under the Securities and Futures Ordinance but yet to commence its financial services business. Gain on disposal of the subsidiaries amounting to HK$8,500,000 was recognised in profit or loss.

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

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

Net cash flow arising on the disposal

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

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 2019 and 31 March 2018, the Group had remuneration paid to the Directors and other members of key management of the Group as follows:

	2019	**2018**
	HK$'000	*HK$'000*
Short-term employee benefits:		
Salaries and other benefits	1,700	2,970
Post-employment benefits:		
Retirement benefit scheme contributions	30	38
	1,730	3,008

c. Amount due from/(to) a director

	Balance at 31 March 2018	**Maximum amount outstanding during the year**	**Balance at 31 March 2019**
	HK$'000	*HK$'000*	*HK$'000*
Amount due from a director			
Mr. Tse Hoi Chau	–	273	273

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

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries		11,118	62,449
CURRENT ASSETS			
Cash and bank balances		5,245	1,400
CURRENT LIABILITIES			
Other payables		1,986	2,401
NET CURRENT ASSETS/(LIABILITIES)		3,259	(1,001)
NET ASSETS		14,377	61,448
CAPITAL AND RESERVES			
Share capital		55,198	55,198
Reserves	*a*	(40,821)	6,250
TOTAL EQUITY		14,377	61,448

Approved and authorised for issue by the board of Directors on 17 June 2019.

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

Note a:

Reserves of the Company

	Share premium	Contributed surplus	Share-based payment capital reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 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 and 1 April 2018	913,906	133,424	35,993	(1,077,073)	6,250
Loss and total comprehensive expense for the year	–	–	–	(47,071)	(47,071)
Lapsed share option	–	–	(13,736)	13,736	–
As at 31 March 2019	913,906	133,424	22,257	(1,110,408)	(40,821)

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

	2019	2018
	HK$'000	*HK$'000*
Financial assets measured at amortised cost		
Loans and receivables:		
– Trade and other receivables	46,960	75,966
– Cash and bank balances	88,328	45,033
	135,288	120,999
Financial liabilities		
Financial liabilities measured at amortised cost		
– Trade and other payables	29,954	12,148
– Contract liabilities	503	–
– Obligations under finance lease	45	222
	30,502	12,370

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 (Note 34(c)) and foreign currency risk (Note 34(c)).

- *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.

- *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:

	2019	**2018**
	HK$'000	*HK$'000*
Assets		
US$	48,770	1,541
RMB	65,102	76,249
Euro ("**EUR**")	1,022	–
Liabilities		
RMB	24,545	6,002
Net assets		
US$	48,770	1,541
RMB	40,557	70,247
EUR	1,022	–

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

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

	Increase/ (decrease) in RMB rate	**Increase/ (decrease) in post-tax loss**
	%	*HK$'000*
Year ended 31 March 2019		
If HK$ weakens against RMB	5	(2,028)
If HK$ strengthens against RMB	(5)	2,028
Year ended 31 March 2018		
If HK$ weakens against RMB	5	(3,512)
If HK$ strengthens against RMB	(5)	3,512

	Increase/ (decrease) in EUR rate	Increase/ (decrease) in post-tax loss
	%	*HK$'000*
Year ended 31 March 2019		
If HK$ weakens against EUR	5	(51)
If HK$ strengthens against EUR	(5)	51
Year ended 31 March 2018		
If HK$ weakens against EUR	5	–
If HK$ strengthens against EUR	(5)	–

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 2019. The analysis is performed on the same basis in 2018.

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.

At the end of reporting period, the Group has a certain concentration of credit risk as 17.70% (2018: 97.97%) and 56.35% (2018: 100%) of the total trade and other receivables was due from the Group's largest debtor and the five largest debtors respectively within the Integrated Fashion Accessories Business segment. In order to minimise the credit risk, the management continuously monitor the level of exposure to ensure that follow up actions and/or corrective actions are taken promptly to lower exposure or even to recover the overdue debts. The Group has no significant concentration of credit risk on the remaining trade receivables, with exposure spread over a number of counterparties and customers.

The amounts presented in the consolidated statement of financial position are net of ECL allowances for receivables, if any, estimated by the Directors based on prior experience and adjustment of forward-looking factors. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

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

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLS, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Expected loss rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the group's view of economic conditions over the expected lives of the receivables.

e. Liquidity risk management

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

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

	Weighted average interest rate	On demand or within 1 year	More than 1 year but less than 5 years	Total undiscounted cash flows	Carrying amounts
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2019					
Trade and other payables	–	26,677	–	26,677	26,677
Obligations under finance lease	2%	45	–	45	45
Contract liabilities	–	503	–	503	503
Other tax payable	–	3,277	–	3,277	3,277
		30,502	–	30,502	30,502
At 31 March 2018					
Trade and other payables	–	15,772	–	15,772	15,772
Obligations under finance lease	2%	184	45	229	222
Amount due to a director	–	258	–	258	258
	–	16,214	45	16,259	16,252

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. SUBSIDIARIES

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

Name of company	Place of incorporation/ establishment	Place of operation	Percentage of equity attributable to the Company		Proportion of voting power held by the Company		Issued and fully paid-up/ registered capital	Principal activities
			2019	2018	2019	2018		
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 *(Note a)*	Macau	Macau	–	100	–	100	MOP200,000	Inactive
Artini Sales Company Limited	Hong Kong	Hong Kong	100	100	100	100	HK$10,000	Investment holding
Artist Empire Jewellery Mfy. Limited	Hong Kong	Hong Kong	100	100	100	100	HK$100	Trading of fashion accessories
China Regent Investments Limited	Hong Kong	Hong Kong	100	100	100	100	HK$1	Investment holding
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	Inactive
JCM Holding Limited	BVI	Hong Kong	100	100	100	100	500 ordinary shares of US1 each	Investment holding
King Erich International Development Limited	BVI	Hong Kong	100	100	100	100	300 ordinary shares of US$1 each	Investment holding
King Land Limited *(Note a)*	Hong Kong	Hong Kong	–	100	–	100	HK$100	Inactive
Riccardo International Trading Limited	BVI	Hong Kong	100	100	100	100	700 ordinary shares of US$1 each	Investment holding
Shenzhen Primeview Information Technology Limited *(Note c)*	The PRC	The PRC	100	100	100	100	HK$200,000,000	Retailing of fashion accessories

Name of company	Place of incorporation/ establishment	Place of operation	Percentage of equity attributable to the Company		Proportion of voting power held by the Company		Issued and fully paid-up/ registered capital	Principal activities
			2019	2018	2019	2018		
Primeview Technology Limited	Hong Kong	The PRC	100	100	100	100	HK$170,000	Inactive
Grand Joy Finance Limited	Hong Kong	Hong Kong	100	100	100	100	HK$1,000	Inactive
Grand Rich Asset Management Limited *(Note a)*	Hong Kong	Hong Kong	–	100	–	100	HK$120,000	Inactive
Grand Rich Future Limited *(Note a)*	Hong Kong	Hong Kong	–	100	–	100	HK$5,000,000	Inactive
Grand Rich Securities Limited *(Note a)*	Hong Kong	Hong Kong	–	100	–	100	HK$10,000,000	Inactive
Huan Hai Limited *(Note a)*	Samoa	Hong Kong	–	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 *(Note a)*	BVI	Hong Kong	–	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 *(Note c)*	The PRC	The PRC	100	100	100	100	CNY$1,000,000	Operation of online platforms
Magic B2B Limited	Hong Kong	Hong Kong	100	100	100	100	HK$100,000	Operation of online platforms
Guangzhou Primeview Technology Limited *(Note b) (Note c)*	The PRC	The PRC	–	100	–	100	CNY$500,000	Inactive
Shenzhen Primeview Technology Limited *(Note b) (Note c)*	The PRC	The PRC	–	100	–	100	CNY$100,000	Inactive

Note:

a. During the year ended 31 March 2019, the Group disposal of these entities.

b. During the year ended 31 March 2019, the Group deregistration of these entities.

c. 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.

36. NOTES SUPPORTING CASH FLOW STATEMENT

Reconciliation of liabilities arising from financing activities:

	Amount due to a director *HK$'000*	Finance lease *(Note 24)* *HK$'000*
At 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 and 1 April 2018	258	222
Changes from cash flows:		
Capital element of finance lease rentals paid	–	(177)
Repayment to a director	(258)	–
Total changes from financing cash flows:	(258)	(177)
Other changes:		
Interest paid on obligations under finance lease	–	(7)
Total other changes	–	(7)
At 31 March 2019	–	45

The forecast of the consolidated net profit after tax for the year ending 31 March 2020 is set out in the section headed "Profit Forecast" in this circular.

BASIS AND ASSUMPTIONS

The forecast of the consolidated net profit after tax for the year ending 31 March 2020 was prepared by the Directors, based on the unaudited consolidated results of the Group for the one month ended 30 April 2019, and a forecast of the consolidated results of the Group for the eleven months ending 31 March 2020 (the "**Profit Forecast**"). The actual performance of the Group for the year ending 31 March 2020 will be affected by numerous factors, and is likely to be different from the Profit Forecast prepared. The Profit Forecast has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by the Group as summarised in the Appendix II of this circular, and on the following principal basis and assumptions:

- there will be no material changes in the existing government policies, legislation, rules or regulations, basis or rates of taxation, interest rates, exchange rates, inflation rates, or other fiscal, market or economic conditions in the markets the Group operates or otherwise related to the Group's business;

- the Group will not be materially or adversely affected by any of the risk factors set out in the section headed "Risk Factors" of this circular;

- the Group's operations and business will not be materially affected or interrupted by any force majeure events or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Directors, including but not limited to the occurrence of natural disasters, supply failure, labour dispute, significant lawsuit and arbitration;

- The Profit Forecast took account of financial projections which are with reference to the historical financial performance of the Integrated Fashion Accessories Platform Business since November 2017 and estimation of the future growth rate made by the management of the Group;

- the Directors' and the Group's existing key senior managements will continue involve in the operations and business development of the Group. The Group will be able to retain its key management and personnel during the forecast period and the Group will not encounter any material difficulties in recruiting and retaining qualified staff;

- the Group is not expected to undertake any major acquisition or disposal of assets or investments during the forecast period.

The following is the text of a letter prepared for the purpose of incorporation in this circular, received from BDO Limited, Certified Public Accountants, Hong Kong.

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

Alliance Capital Partners Limited
Wing On House
71 Des Voeux Road Central
Hong Kong

4 July 2019

Dear Sirs

PRIMEVIEW HOLDINGS LIMITED (THE "COMPANY")
PROFIT FORECAST FOR YEAR ENDING 31 MARCH 2020

We refer to the forecast of the consolidated profit attributable to equity holders of the Company for the year ending 31 March 2020 (the "**Profit Forecast**") set forth in the section headed Profit Forecast in the resumption proposal of the Company dated 4 July 2019 (the "**Resumption Proposal**").

Directors' Responsibilities

The Profit Forecast has been prepared by the directors of the Company based on the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as "**the Group**") for the one month ended 30 April 2019, and a forecast of the consolidated results of the Group for the eleven months ending 31 March 2020.

The Company's directors are solely responsible for the Profit Forecast.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Forecast based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Forecast in accordance with the bases and assumptions adopted by the directors and as to whether the Profit Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases and assumptions adopted by the directors as set out in Appendix III of the Resumption Proposal and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the Company's consolidated financial statements for the year ended 31 March 2019, the text of which is set out in Appendix II of the Resumption Proposal.

Emphasis of Matter

We draw attention to Appendix III headed "Basis and Assumptions" on page III-1 of the Resumption Proposal which stated that the Profit Forecast is prepared based on unaudited consolidated results for the one month ended 30 April 2019 and the a forecast of the consolidated results of the Group for the eleven months ending 31 March 2020. The actual performance of the Group for the year ending 31 March 2020 will be affected by numerous factors, and is likely to be different from the Profit Forecast prepared. Our opinion is not qualified in respect of this matter.

Yours faithfully
BDO Limited

The following is the text of a letter prepared for the purpose of incorporation in this circular received from Alliance Capital the financial advisers to the Company.

Alliance Capital Partners Limited
同人融資有限公司

Room 1502-03A, 15/F
Wing On House
71 Des Voeux Road Central
Hong Kong

4 July 2019

The Board of Directors
Primeview Holdings Limited
Unit D, 16/F, Eton Building
288 Des Voeux Road Central
Sheung Wan, Hong Kong

Dear Sirs,

RESPONSIBILITY OF FINANCIAL ADVISER

We refer to the forecast of the consolidated profit attributable to equity holders of Primeview Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the year ending 31 March 2020 (the "**Profit Forecast**"), as set out in the circular dated 4 July 2019 issued by the Company (the "**Circular**") and the requirements under Rules 14.62(3) of the Listing Rules.

BASIS FOR QUALIFIED OPINION

As set out in the Appendix III headed "Basis and Assumptions" on page III-1 of this Circular, the Profit Forecast was prepared by the Directors, based on the unaudited consolidated results of the Group for the one month ended 30 April 2019, and forecast of the consolidated results of the Group for the eleven months ending 31 March 2020. Given the nature of the Integrated Fashion Accessories Platform Business, the Profit Forecast are not fully supported by secured contracts, the Profit Forecast took account of financial projections which made reference to the historical financial performance of the Integrated Fashion Accessories Platform Business since November 2017 and estimation of the future growth rate made by the management of the Group (the "**Projections**"). Considered the limited operational history of the Integrated Fashion Accessories Platform Business, we were unable to obtain sufficient appropriate evidence to evaluate or express any opinion on the appropriateness of the bases and assumptions of the Projections.

QUALIFIED OPINION

We have discussed with you the basis and assumptions upon which the Profit Forecast has been made. We have also considered the letter dated 4 July 2019 addressed to you and us from BDO Limited, Certified Public Accountants, Hong Kong, regarding the accounting policies and calculations upon which the Profit Forecast has been made. Except for the matters described in the basis for qualified opinion above, we are of the opinion that the Profit Forecast, for which you as Directors are solely responsible, has been made after your due and careful enquiry.

Yours faithfully
For and on behalf of
Alliance Capital Partners Limited
Ray Chan
Vice President