Primeview Holdings Limited
領視控股有限公司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 789)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

The board (the "Board") of directors (the "Directors") of Primeview Holdings Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2017, together with comparative figures for the preceding financial year ended 31 March 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*3*	**14,847**	46,907
Cost of sales		**(9,016)**	(45,335)
Gross profit		**5,831**	1,572
Other income	*4*	**809**	315
Other gains and losses, net	*5*	**3,266**	(6,992)
Gains on disposal of property, plant and equipment		**–**	70
Losses on disposals of investment properties		**–**	(3,613)
Net gains on disposal of subsidiaries		**516**	17
Selling and distribution expenses		**(341)**	(47,918)
Administrative expenses		**(22,752)**	(43,460)
Finance costs	*6*	**(24)**	(10)
Loss before income tax		**(12,695)**	(100,019)
Income tax expense	*7*	**(1,695)**	(11)
Loss for the year	*8*	**(14,390)**	(100,030)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Loss for the year		**(14,390)**	(100,030)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1,480**	1,156
Release of translation reserve upon disposals of subsidiaries		**–**	(37)
Other comprehensive income for the year, net of income tax		**1,480**	1,119
Total comprehensive expense for the year		**(12,910)**	(98,911)
		HK$	*HK$*
Loss per share			
– Basic and diluted	*10*	**(0.004)**	(0.040)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Plant and equipment		**860**	885
Goodwill	*11*	**141,000**	–
Intangible assets		**–**	–
Deposits paid		**53,552**	55,042
		195,412	55,927
CURRENT ASSETS			
Inventories		**88**	428
Trade and other receivables	*12*	**45,061**	39,503
Cash and cash equivalents		**44,152**	10,858
		89,301	50,789
CURRENT LIABILITIES			
Trade and other payables	*13*	**5,730**	48,745
Income tax payable		**7,223**	101
Obligations under finance lease – current portion		**169**	160
		13,122	49,006
NET CURRENT ASSETS		**76,179**	1,783
TOTAL ASSETS LESS CURRENT LIABILITIES		**271,591**	57,710
NON-CURRENT LIABILITY			
Obligations under finance lease – non-current portion		**222**	391
NET ASSETS		**271,369**	57,319
CAPITAL AND RESERVES			
Share capital		**55,198**	25,698
Reserves		**216,171**	31,621
TOTAL EQUITY		**271,369**	57,319

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. GENERAL INFORMATION

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

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

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

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

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

Application of new and revised HKFRSs – effective 1 April 2016

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

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

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

New and revised HKFRSs in issue but not yet effective

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

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

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

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of financial liability designated as fair value through profit or loss is presented in profit or loss.

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

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

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

HKFRS 15 Revenue from Contracts with Customers

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

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

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

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

HKFRS 15 Amendments – Clarification to Revenue from Contracts with Customers

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

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

HKFRS 16 Leases

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

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

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

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

3. REVENUE AND SEGMENT INFORMATION

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

a. Revenue

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

b. Segment information

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

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

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

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Retailing and Distribution (Mainland China)	**E-commerce Business**	**CDM Sales**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2017				
Revenue				
Segment revenue – external sales	8,730	6,117	–	14,847
Results				
Segment results	4,883	12,661	764*	18,308
Unallocated other income				45
Unallocated other gains and losses, net				3,782
Unallocated expenses				(34,830)
Loss before income tax				(12,695)

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

	Retailing and Distribution (Mainland China)	CDM Sales	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 March 2016			
Revenue			
Segment revenue – external sales	949	45,958	46,907
Results			
Segment results	(7,444)	(61,444)	(68,888)
Unallocated income			385
Unallocated expenses			(31,516)
Loss before income tax			(100,019)

4. OTHER INCOME

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

5. OTHER GAINS AND LOSSES, NET

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

6. FINANCE COSTS

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

7. INCOME TAX EXPENSE

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

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

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

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

8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2017	2016
	HK$'000	*HK$'000*
Staff costs (included directors' and chief executive's emoluments):		
Salaries, bonuses and allowances	**5,580**	6,616
Share-based payment expenses for the directors and employees	**873**	4,427
Contributions to retirement benefits schemes	**140**	287
	6,593	11,330
Cost of inventories recognised as an expenses, including written off of inventories of Nil (2016: written off of inventories of approximately HK$2,709,000)	**8,460**	45,335
Depreciation of plant and equipment	**337**	1,100
Depreciation of investment properties	**–**	118
Share-based payment expenses for consultants	**5,747**	12,138
Auditor's remuneration		
– Audit service	**850**	632
– Non-audit service	**42**	–
Operating leases charges in respect of office premises	**732**	1,985

9. DIVIDENDS

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

10. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the consolidated loss for the year attributable to owners of the Company of approximately HK$14,390,000 (2016: HK$100,030,000) and the weighted average of approximately 3,647,430,000 (2016: approximately 2,527,702,000) ordinary shares of the Company in issue during the year.

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

11. GOODWILL

	HK$'000
Carrying amount	
As at beginning of the year	–
Acquisition of a subsidiary *(Note 14)*	149,647
Impairment loss on goodwill *(Note 5)*	(8,647)
As at end of the year	141,000

Goodwill arises from acquisition of PVT on 31 October 2016 (Note 14). The goodwill is allocated to the CGU of the E-commerce Business.

The goodwill is tested for impairment as at 31 March 2017 based on value in use calculation using cash flow projection and impairment loss is being identified. The cash flow projection is based on the forecast approved by the Directors covering a period of five years and the pre-tax discount rate applied to the cash flow projection is 14.24%, which reflects specific risk relating to the E-commerce Business. Growth rate used to extrapolate the cash flows beyond five-year period is 3%, which reflects the long-term average growth rate of the E-commerce Business as forecasted by the Directors and does not exceed the long-term growth rate for the e-commerce industry.

12. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**45,064**	52,455
Less: Allowances	**(16,937)**	(17,177)
Trade receivables, net	**28,127**	35,278
Rental deposits	**144**	250
Prepayment	**41**	–
Advances to staff	**–**	10
Receivable from disposals of subsidiaries	**–**	1,400
Other receivables, net of allowances	**16,749**	2,565
	16,934	4,225
	45,061	39,503

Trade receivables at the end of the reporting period comprise amounts receivable from the sales of goods, provision of software development services and provision of repair and maintenance services. No interest is charged on the trade receivables.

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

As at 31 March 2017, included in other receivables was HK$11,252,000 receivable from two customers in relation to agency fee income and HK$5,500,000 amounts due from two ex-shareholders. All those balances have been fully settled subsequent to the end of the financial reporting period.

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

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**2,000**	16,498
31 – 60 days	**1,800**	10,582
181 – 365 days	**15,767**	8,198
Over 365 days	**8,560**	–
	28,127	35,278

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

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

13. TRADE AND OTHER PAYABLES

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

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

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

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

14. BUSINESS COMBINATION

Acquisition of the entire equity interests of PVT

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

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

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

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

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

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

15. CONTINGENT LIABILITIES

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

16. EVENTS AFTER REPORTING PERIOD

Termination of the acquisition of properties

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

Investment in PRC properties project

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

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

E-commence Business

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

Retail and distribution business

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

Due to the recent change in customers' shopping behavior in the PRC and to minimise incurring of fixed costs in operating brick and mortar shops, the Group will focus on the online retailing. Subject to future customers' shopping behavior and trend of fixed costs in operating brick and mortar shops, the Group may open new brick and mortar shops in the future when suitable opportunities arise.

Concurrent design manufacturing ("CDM") business

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

Prospects

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

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

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

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

Financial review

Revenue

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

E-commence business

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

CDM business

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

Retail and distribution business

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

Revenue by geographical distribution segments

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

Cost of sales

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

Gross profit

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

Operating expenses

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

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

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

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

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

Gains on disposals of subsidiaries

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

Loss attributable to owners of the Company

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

Income tax expense

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

Loss per share

The loss per share for FY2017 was HK$0.004 whereas the loss per share for FY2016 was HK$0.04.

Dividend

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

Foreign exchange exposure

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

Significant Investments and Acquisitions

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

Impairment loss on trade receivables

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

Employees and emoluments

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

Liquidity and financial resources

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

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

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

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

Contingent liabilities

Please refer to Note 15 for details of contingent liabilities disclosed by the Group during the year.

Fund Raising Activities during the Year and Use of Proceeds

(i) Placing of new shares

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

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

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

(ii) Subscription of shares by a controlling shareholder

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

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

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Save for the fund raising activities disclosed above, the Company did not redeem any of its shares during the year ended 31 March 2017 and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares during the year ended 31 March 2017.

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

CHANGE OF AUDITORS

On 21 June 2017 (after trading hours), the Company received a resignation letter from Asian Alliance (HK) CPA Limited ("Asian Alliance") as auditors of the Company with effect from 21 June 2017. Asian Alliance also stated in their letter that, among other things, they are unable to complete the audit of the Group's financial results for the year ended 31 March 2017 as it would require additional audit procedures in a number of aspects. The Audit Committee has discussed these matters with Asian Alliance previously and the Company (including members of the Audit Committee) believes that the Company is in a position to satisfactorily respond to and address the issues raised. However, no consensus has been reached and accordingly, on the same date, the Company engaged Moore Stephens CPA Limited as the Company's auditor to fill the casual vacancy following Asian Alliance's resignation. Further details regarding Asian Alliance's resignation are set out in the Company's announcement dated 21 June 2017.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 23 April 2008 with written terms of reference adopted by the Company on 29 February 2016 in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprised three members, all being independent non-executive Directors, namely Mr. Lau Fai Lawerence (Chairman), Mr. Lau Yiu Kit and Mr. Zeng Zhaohui. The Audit Committee has held meetings with the Company's auditor, Moore Stephens CPA Limited to discuss the auditing, internal control and financial reporting matters of the Group. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 March 2017.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following has been extracted from the independent auditor's report issued by Moore Stephens CPA Limited, the Company's auditor, to be incorporated in the annual report to be issue by the Company and it is not expected to be amended prior to issue of that report:

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") which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Disclaimer of Opinion

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

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

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

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

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

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

As mentioned above, during the year ended 31 March 2017, the Group has acquired the E-commerce Business. The details of the acquisition of PVT are set out in Note 14. 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 projection 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 11.

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 14, 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 15, PVT has not registered at the People's Republic of China local authority for its E-commerce Business (the "PRC Operating Registration Breach"). In this regard, the Group has disclosed the PRC Operating Registration Breach as contingent liabilities. However, the management of the Group is unable to provide us with appropriate evidence as to whether the contingent liabilities were properly assessed and accounted for.

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

(c) Scope limitation – Agency fee income

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

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

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

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

Included in the non-current deposits as at 31 March 2017 was a deposit paid, amounting to approximately HK$31,000,000 (31 March 2016: approximately 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 this preliminary announcement, titles of the Trademarks have not yet been transferred to the Group.

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

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

Included in other receivables and trade and other payables as at 31 March 2016 were certain unknown other receivables amounting to approximately HK$2,687,000, trade payables amounting to approximately HK$2,604,000 and other payables amounting to approximately HK$4,757,000 (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.

APPOINTMENT OF INTERNAL CONTROL MANAGER

In light of the matters noted in the independent auditor's report by Moore Stephens CPA Limited, the Audit Committee and the Board have resolved to appoint additional dedicated personnel as the internal control manager to take of the Group's internal control with a view to improving the Group's internal control system including record keeping and financial reporting. The appointed internal control manager has extensive experience as system and internal control consultant.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year.

The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The announcement of the Group's annual results for the year ended 31 March 2017 is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the website of the Company at www.primeview.com.hk.

The 2017 annual report of the Company will be dispatched to the shareholders of the Company and will be made available on the above websites in due course.

At the request of the Company, trading in the Share on the Stock Exchange was suspended with effect from 9:00 a.m. on 3 July 2017 and will remain suspended until further notice.

By order of the Board
Primeview Holdings Limited
Tse Hoi Chau
Chairman

Hong Kong, 17 July 2017

As at the date of this announcement, the executive Directors are Mr. Tse Hoi Chau (Chairman), Mr. Lin Shao Hua, Mr. Leung Yiu Cho and Ms. Yu Zhonglian; and the independent non-executive Directors are Mr. Lau Fai Lawrence, Mr. Lau Yiu Kit and Mr. Zeng Zhaohui.