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## **Primeview Holdings Limited**

### **領視控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 789)**

## **UPDATE ON THE RESUMPTION PLAN AND BUSINESS UPDATE**

This announcement is made by Primeview Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) and 13.24A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 13 September 2017, 27 October 2017, 1 November 2017, 7 November 2017, 15 February 2018, 15 March 2018, 13 April 2018, 7 May 2018 and 15 June 2018, respectively, in relation to, among other things, the progress of fulfilment of resumption conditions (the “**Announcements**”). Unless otherwise stated, capitalised terms have the same meanings as ascribed to them in the Announcements.

### **UPDATE ON THE RESUMPTION PLAN**

As disclosed in the Announcements, the Company submitted the Resumption Proposal on 11 April 2018 which set out the Company’s view on how the Resumption Conditions have been/will be fulfilled. On 4 May 2018, the Stock Exchange issued the 2nd Letter informing the Company that the 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 which will expire on 3 November 2018. The Company is required to provide a viable resumption proposal by the 2nd Deadline (i.e. 22 October 2018).

Set out below is a brief summary of the Resumption Proposal submitted on 11 April 2018, together with the recent developments and the Company's plan for the fulfillment of the Resumption Conditions in light of the 2nd Letter of the Stock Exchange.

**(a) Demonstration that the Company has sufficient operations or assets as required under Rule 13.24 of the Listing Rules**

Since October 2017, the Group has started to revitalise its fashion accessories businesses to the Integrated Fashion Accessories Platform Business which involves the wholesale of a wide selection of fashion accessories products and has since generated significant and stable revenue to the Group. In view of the performance of the Integrated Fashion Accessories Platform Business, together with other business developments of the Group, the Company submitted in the Resumption Proposal that it is of the view that (i) the Group's assets were 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 had demonstrated that it had assets of sufficient value to warrant the continued listing of its Shares and addressed the concerns mentioned in the Letter from the Stock Exchange dated 27 October 2017.

Following receipt of the 2nd Letter, the Company continues to focus on the development of the Integrated Fashion Accessories Platform Business in order to substantiate its sustainability to the satisfaction of the Stock Exchange. As disclosed in the announcement dated 29 June 2018 in relation to the final results of the Company for the year ended 31 March 2018 (the "**2018 Final Results**"), the Integrated Fashion Accessories Platform Business has generated revenue of approximately HK\$51,320,000 to the Group during the year ended 31 March 2018.

The following sets forth the unaudited operating results of the Integrated Fashion Accessories Platform Business for the five months ended 31 May 2018 and for the six months ended 30 June 2018 respectively:

	For the five months ended 31 May 2018	For the six months ended 30 June 2018
<b>Online Platforms</b>		
Average monthly sales	Approximately HK\$11,800,000	Approximately HK\$11,700,000 <i>Note 3</i>
ADAU <i>Note 1</i>	Approximately 4,500	Approximately 5,600
ADPV <i>Note 2</i>	Approximately 37,000	Approximately 40,000

*Notes:*

1. ADAU refers to the average number of visits with a specific internet protocol address per day to the Online Platforms for the relevant period.
2. ADPV refers to the number of visits per day to the Online Platforms for the relevant period.
3. The total sales decreased in June 2018, resulting in a decrease in average monthly sales for the six months ended 30 June 2018 as compared to the five months ended 31 May 2018. As advised by two major customers, they postponed their orders on the Online Platforms from June 2018 to July 2018 due to the exchange rate fluctuation of RMB.

Based on the 2018 Final Results and the unaudited operating results as shown above, the Company is confident that it will be able to demonstrate to the satisfaction of the Stock Exchange that the Company has sufficient operations or assets as required under Rule 13.24 of the Listing Rules by the 2nd Deadline.

Please also refer to the section headed “Business Update” below in this announcement for details of the other recent business developments of the Group.

**(b) 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 Company submitted in the Resumption Proposal that based on the progress of the audit works of the Auditors, its annual results announcement for the year ended 31 March 2018 would be issued on or before 29 June 2018 and its annual report for the year ended 31 March 2018 would be issued on or before 31 July 2018.

Subsequent to the submission of the Resumption Proposal, the Company issued the 2018 Final Results and the annual report for the year ended 31 March 2018 (the “**2018 Annual Report**”) on 29 June 2018 and 27 July 2018 respectively.

In the 2018 Final Results and 2018 Annual Report, the Auditors provided the basis for their qualified opinion (the “**2018 Qualified Opinion**”) on the financial statements of the Group for the year ended 31 March 2018 (the “**2018 Financial Statements**”), which is summarised as below:

*Revenue of E-commerce Business*

As mentioned in the annual report of the Company for the year ended 31 March 2017 (the “**2017 Annual Report**”), due to lack of supporting documents of the revenue of the e-commerce business, the predecessor auditors were unable to obtain sufficient appropriate audit evidence relating to such revenue included in the profit or loss of the Group and were unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the occurrence of such revenue recognised as revenue by the Group during the year ended 31 March 2017. In addition, the Group had recognised certain advertising expenses amounting to approximately HK\$21,426,000 and subsequently reversed the same during the year ended 31 March 2017 and the predecessor auditors were unable to satisfy themselves regarding the occurrence and completeness of the advertising expenses. Among other limitations in their scope of work, the predecessor auditors disclaimed their opinion on the consolidated financial statements for the year ended 31 March 2017.

Due to the possible effects of the matters on the comparability of the figures for the year ended 31 March 2018 and the corresponding figures for the year ended 31 March 2017, the Auditors’ opinion on the 2018 Financial Statements was also modified.

The Company considers the 2018 Qualified Opinion in relation to the revenue of the e-commerce business was caused by the uncertainty of the opening balance and such uncertainty will not exist in the current financial year.

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

As mentioned in the 2017 Annual Report, during the year ended 31 March 2017, the Group had acquired the e-commerce business and the goodwill arising from the acquisition amounting to approximately HK\$149,647,000 had been allocated to the e-commerce business cash-generating unit (“**E-commerce Business CGU**”). In accordance with Hong Kong Accounting Standard 36 Impairment of Assets, the management carried out assessment of impairment of the Group’s goodwill and the Company’s interests in subsidiaries relating to the e-commerce business as at 31 March 2017. The impairment assessment had been performed by comparing the carrying amount and the recoverable amount of the E-commerce Business CGU. As a result of the impairment assessment, impairment loss was recognised by the Group to write down the goodwill relating to the e-commerce business (the “**E-commerce Business Goodwill**”) to HK\$141,000,000. However, the predecessor auditors were unable to satisfy themselves as to whether the impairment of the E-commerce Business Goodwill of HK\$8,647,000 recognised in the Group’s profit or loss for the year ended 31 March 2017 was free from material misstatements. Among other limitations in their scope of work, the predecessor auditors disclaimed their opinion on the consolidated financial statements for the year ended 31 March 2017.

The e-commerce business was formally abandoned in September 2017. The management carried out assessment of impairment of the Group’s E-commerce Business Goodwill and, as a result, impairment loss was recognised by the Group to fully write off the remaining E-commerce Business Goodwill of HK\$141,000,000 for the year ended 31 March 2018. Any adjustment to the carrying amount of the E-commerce Business Goodwill as at 31 March 2017 would affect the amount of write off recognised in consolidated profit or loss for the year ended 31 March 2018. As a result, the Auditors were unable to satisfy ourselves as to whether the impairment loss of the E-commerce Business Goodwill of HK\$141,000,000 recognised in the Group’s profit or loss for the year ended 31 March 2018 was free from material misstatements and the carrying amounts of E-commerce Business Goodwill as at 31 March 2018 and 31 March 2017 may not be comparable. The Auditors’ opinion on the Financial Statements 2018 was modified accordingly.

The Company considers the 2018 Qualified Opinion in relation to the E-commerce Business Goodwill was caused by the uncertainty of the opening balance and such uncertainty will not exist in the current financial year.

### *Agency fee income*

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

Due to lack of supporting documents of the above, the predecessor auditors were unable to obtain sufficient appropriate audit evidence and explanations in relation to the above Agency Fee Income included in the profit or loss of the Group for the year ended 31 March 2017, and the related net receivables of approximately HK\$11,251,000 as at 31 March 2017. Specifically, the predecessor auditors were unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy, occurrence, valuation, ownership, classification, disclosures and presentation of the Agency Fee Income for the year ended 31 March 2017 undertaken by the Group. Among other limitations in their scope of work, the predecessor auditors disclaimed their opinion on the consolidated financial statements for the year ended 31 March 2017.

The Group has not acted as an agent in fashion accessories sales transaction in the year ended 31 March 2018. Due to the possible effects of the matters on the comparability of the figures for the year ended 31 March 2018 and the corresponding figures for the year ended 31 March 2017, the Auditors’ opinion on the 2018 Financial Statements was also modified.

The Company considers the 2018 Qualified Opinion in relation to the Agency Fee Income was caused by the uncertainty of the opening balance and such uncertainty will not exist in the current financial year.

Save as disclosed above, the Auditors confirmed the 2018 Financial Statements give a true and fair view of the consolidated financial position and the consolidated financial performance of the Group.

Based on the matters disclosed in the 2018 Final Results and the 2018 Annual Report, the Company is of the view that the Audit Qualifications have been fully addressed.

**(c) Demonstration that the Company has put in place adequate financial reporting procedures and internal control systems to meet its Listing Rules obligations**

As disclosed in the Announcements, based on the preliminary suggestions of the Internal Control Consultant, the Company has implemented measures to improve the internal control systems and financial reporting procedures of the Group. The Internal Control Consultant has conducted a follow-up review on the Company's implementation of the said suggestions and concluded that no material irregularity or error was found on the enhanced financial reporting procedures and the internal control systems of the Group.

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 Listing Rules obligations.

**(d) Informing the market about all material information of the Company**

Since the suspension of trading in the shares of the Company on the Stock Exchange on 3 July 2017, the Company has regularly issued announcements to disclose all material information and fulfilled the obligations of information disclosure. The Company will continue to do so as and when necessary.

In the meantime, the Company is working closely with the Financial Adviser and other professional advisers to formulate an update and viable resumption proposal which is expected to be submitted to the Stock Exchange on or before the 2nd Deadline.

**BUSINESS UPDATE**

**Integrated Fashion Accessories Platform Business**

The Group strives to continue the development and expansion of the Integrated Fashion Accessories Platform Business. Based on the 2018 Final Results and the unaudited operating results of the Online Platforms for the six months ended 30 June 2018 as disclosed above, the Directors consider that the Integrated Fashion Accessories Platform Business has been performing satisfactorily and has shown an improving trend.

In addition, in July 2018, the Group commenced the operation of its online shop (the “**VIPS Shop**”) in a business-to-customer online platform, namely www.vip.com, operated by VIPSHOP Holdings Limited (唯品會信息科技有限公司). The Group sells fashion accessories products similar to those sold in the existing Online Platforms through the VIPS Shop to retail customers. The Directors are of the view that the VIPS Shop, as a popular retail channel, could complement the existing business model of the Integrated Fashion Accessories Platform Business which mainly focused on wholesale customers.

The Integrated Fashion Accessories Platform Business will remain the focus of the Group’s development plan in the current financial year 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.

### **Financial Services Business**

As the Company’s overall strategy is to deploy most of its available resources on hand to the Integrated Fashion Accessories Platform Business, the Company decided not to proceed with its plan to commence with the financial services business.

On 31 July 2018, Artist Star International Development Limited (“**Artist Star**”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the “**Disposal Agreement**”) with three individuals who are not connected persons (as defined in the Listing Rules) of the Company and are third parties independent of the Company and its connected persons (as defined in the Listing Rules) (the “**Purchasers**”), pursuant to which Artist Star has conditionally agreed to sell and Purchasers have conditionally agreed to acquire, the entire issued share capital of Huan Hai Limited (環海有限公司) (the “**Target Company**”) and all debts owing by the Target Company to the Company (the “**Disposal**”). The Target Company is the sole owner of Grand Rich Securities Limited (浩豐證券有限公司) which is licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (the “**SFO**”), Grand Rich Futures Limited (浩豐期貨有限公司) which is 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 (浩豐資產管理有限公司). Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company.



For further details of the Disposal, please refer to the announcement of the Company dated 31 July 2018.

Further announcement(s) will be made by the Company to inform the Shareholders and potential investors of any material development relating to the captioned matters.

### **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended 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, 1 August 2018

*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.*