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SHENGLONG
盛 龙

SHENGLONG SPLENDECOR INTERNATIONAL LIMITED

盛龍錦秀國際有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8481)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

On 10, 21 and 31 December 2021, Shenglong Decoration entered into three Wealth Management Products Agreements with Shanghai Pudong Development Bank, pursuant to which Shenglong Decoration agreed to subscribe for wealth management products of RMB 1.5 million, RMB 3.5 million and RMB 7.0 million respectively, using self-owned idle funds generated from daily operation.

GEM LISTING RULES IMPLICATIONS

As all the three Wealth Management Products Agreements were entered into with the same bank and are of similar nature, they would, during the relevant period, be aggregated as if there were one transaction for the purpose of calculating the relevant percentage ratios pursuant to Rule 19.22 of the GEM Listing Rules. As one of the applicable percentage ratios (as calculated under Rule 19.07 of the GEM Listing Rules) in respect of the aggregated transaction amount of the Subscriptions exceeds 5% but all of the applicable percentage ratios are less than 25%, such Subscriptions in aggregate constitute discloseable transactions of the Company under Chapter 19 of the GEM Listing Rules and shall be subject to the notification and announcement requirements but exempt from the Shareholders' approval requirement under the GEM Listing Rules.

BACKGROUND

The Board announced that on 10, 21 and 31 December 2021, Shenglong Decoration entered into three Wealth Management Products Agreements with Shanghai Pudong Development Bank, pursuant to which Shenglong Decoration agreed to subscribe for wealth management products of RMB 1.5 million, RMB 3.5 million and RMB 7.0 million respectively, using self-owned idle funds generated from daily operation.

THE WEALTH MANAGEMENT AGREEMENTS

A summary of the principal terms of the Wealth Management Agreements is as follows:

Agreement 1

- | | |
|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) Date of subscription: | 10 December 2021 |
| (2) Parties: | (i) Shenglong Decoration
(ii) Shanghai Pudong Development Bank |
| | To the best of their knowledge, information and belief and having made all reasonable enquiries, the Directors confirm that Shanghai Pudong Development Bank and its ultimate beneficial owner are Independent Third Parties |
| (3) Name of the product: | Tian Tian Li Pu Tian Tong Ying Series No. 1* (天添利浦天同盈1號) |
| (4) Type of return: | Non-principal guaranteed with floating return |
| (5) Subscription amount: | RMB 1.5 million (equivalent to approximately HK\$1.8 million). The Board believed that the consideration of such subscription was determined on the basis of arm's length commercial terms |
| (6) Risk level assessment by Shanghai Pudong Development Bank: | Comparatively low risk |
| (7) Term of investment: | No fixed maturity period |

- (8) Redemption: Every Business Day is an open day for redemptions, and redemption requests can be submitted between 9:00 and 15:30 every Business Day
- (9) Scope of investment: Not less than 80% of the fund raised will be invested in fixed income assets such as cash, deposits and bonds etc.
- (10) Expected rate of annualised investment return 2.4% – 3.0% (non-guaranteed)

Agreement 2

- (1) Date of subscription: 21 December 2021
- (2) Parties: (i) Shenglong Decoration
(ii) Shanghai Pudong Development Bank
- To the best of their knowledge, information and belief and having made all reasonable enquiries, the Directors confirm that Shanghai Pudong Development Bank and its ultimate beneficial owner are Independent Third Parties
- (3) Name of the product: Tian Tian Li Inclusive Plan* (天添利普惠計劃)
- (4) Type of return: Non-principal guaranteed with floating return
- (5) Subscription amount: RMB 3.5 million (equivalent to approximately HK\$4.3 million). The Board believed that the consideration of such subscription was determined on the basis of arm's length commercial terms
- (6) Risk level assessment by Shanghai Pudong Development Bank: Comparatively low risk
- (7) Term of investment: No fixed maturity period

- (8) Redemption: Every Business Day is an open day for redemptions, and redemption requests can be submitted between 9:00 and 15:30 every Business Day
- (9) Scope of investment: Not less than 80% of the fund raised will be invested in fixed income assets, such as cash, deposits and bonds etc.
- (10) Expected rate of annualised investment return 2.4% – 3.0% (non-guaranteed)

Agreement 3

- (1) Date of subscription: 31 December 2021
- (2) Parties: (i) Shenglong Decoration
(ii) Shanghai Pudong Development Bank
- To the best of their knowledge, information and belief and having made all reasonable enquiries, the Directors confirm that Shanghai Pudong Development Bank and its ultimate beneficial owner are Independent Third Parties
- (3) Name of the product: Tian Tian Li Inclusive Plan* (天添利普惠計劃)
- (4) Type of return: Non-principal guaranteed with floating return
- (5) Subscription amount: RMB 7.0 million (equivalent to approximately HK\$8.6 million). The Board believed that the consideration of such subscription was determined on the basis of arm's length commercial terms
- (6) Risk level assessment by Shanghai Pudong Development Bank: Comparatively low risk
- (7) Term of investment: No fixed maturity period

- (8) Redemption: Every Business Day is an open day for redemptions, and redemption requests can be submitted between 9:00 and 15:30 every Business Day
- (9) Scope of investment: Not less than 80% of the fund raised will be invested in fixed income assets, such as cash, deposits and bonds etc..
- (10) Expected rate of annualised investment return 2.4% – 3.0% (non-guaranteed)

REASONS FOR AND BENEFITS OF PURCHASING THE WEALTH MANAGEMENT PRODUCT

The reasonable and efficient use of temporary idle funds will enhance the overall capital gain of the Group, which is consistent with the core objectives of the Group to ensure capital safety and liquidity. The impact of risk factors on the expected return of the Wealth Management Product Agreements is low, but the Group could get a higher rate of return as compared with fix term deposit in commercial banks in the PRC.

The Directors (including independent non-executive Directors) consider that the terms of the Wealth Management Product Agreements and the Subscriptions contemplated thereunder are fair and reasonable, on normal commercial terms in the ordinary course of business of the Group, and are in the interests of the Company and its Shareholders as a whole. The Group implemented adequate and appropriate internal control procedures to ensure the Subscriptions would not affect the working capital or the operations of the Group.

GEM LISTING RULES IMPLICATIONS

As all the three Wealth Management Products Agreements were entered into with the same bank and are of similar nature, they would, during the relevant period, be aggregated as if there were one transaction for the purpose of calculating the relevant percentage ratios pursuant to Rule 19.22 of the GEM Listing Rules. As one of the applicable percentage ratios (as calculated under Rule 19.07 of the GEM Listing Rules) in respect of the aggregated transaction amount of the Subscriptions exceeds 5% but all of the applicable percentage ratios are less than 25%, such Subscriptions in aggregate constitute discloseable transactions of the Company under Chapter 19 of the GEM Listing Rules and shall be subject to the notification and announcement requirements but exempt from the Shareholders' approval requirement under the GEM Listing Rules.

The Company is aware that this announcement in respect of the Subscriptions constituted a late announcement under the GEM Listing Rules in relation to notifiable transactions. The Directors genuinely misunderstood that the nature of the wealth management products was akin to a bank deposit, which would not constitute transaction(s) defined under Chapter 19 of the GEM Listing Rules, taking into account the relatively low-risk and flexible redemption nature of the products. Recently, upon preparation of the Company's 2021 annual report and devising business plans ahead, relevant business units revisited the relevant transaction, and sought advices from professional advisers on the GEM Listing Rules implications. Accordingly, the Company hereby publishes this announcement as soon as practicable to inform the Shareholders of the Subscriptions.

REMEDIAL ACTIONS

The Company deeply regrets its non-compliance with the GEM Listing Rules but the Company would like to stress that the delay in compliance with the GEM Listing Rules was inadvertent and unintentional. The Company has no intention to withhold any information relating to the Subscriptions from disclosure to the public. To prevent similar cases from occurring in the future, the Company has implemented the following remedial actions with immediate effect:

1. in preparing for the 2021 annual report, the Company has conducted a comprehensive review and self-examination of the subscription of wealth management products, and hereby makes this announcement that should have been disclosed but were not previously disclosed;
2. with the assistance of professional advisers, the Company further understands the nature of wealth management product and will remind the responsible staff, senior management and Directors and strengthen their understanding to identify the circumstances which are expected to trigger the announcement requirement under the GEM Listing Rules and potential problems at an early stage to avoid the recurrence of such matters;
3. the Company will circulate a detailed guideline relating to notifiable and connected transactions under the GEM Listing Rules and offer more regular training to remind the responsible staff, senior management and the Directors in order to strengthen and reinforce their existing knowledge relating to notifiable and connected transactions, as well as their ability to identify potential issues at an early stage;
4. the Company will strengthen the coordination and reporting arrangements for notifiable transactions among its subsidiaries and emphasise the importance of compliance with the GEM Listing Rules; and
5. in the event that the Directors have doubts as to the interpretation of the GEM Listing Rules, the Directors will consult appropriate professional advisers before entering into any potential transaction so as to ensure that their interpretation of the GEM Listing Rules are correct.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Board”	the board of Directors
“Business Day(s)”	day(s) on which commercial banks are open for business in the PRC (excluding Saturdays, Sundays and public holidays)
“Company”	Shenglong Splendecor International Limited (盛龍錦秀國際有限公司), a company incorporated in the Cayman Islands with limited liability the shares of which are listed on GEM (stock code: 8481)
“connected person”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	third parties independent of and not connected with the Company and its connected persons
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Shanghai Pudong Development Bank”	Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability and a licensed bank in the PRC

“Shenglong Decoration”	Zhejiang Shenglong Decoration Material Co., Ltd.* (浙江盛龍裝飾材料有限公司), a company established in the PRC with limited liability and is a wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	on 10, 21 and 31 December 2021, the subscriptions made by Shenglong Decoration for three wealth management products from Shanghai Pudong Development Bank in the amount of RMB1.5 million, RMB3.5 million and RMB7.0 million, respectively
“Wealth Management Product Agreements”	the wealth management product agreements entered into between Shenglong Decoration and Shanghai Pudong Development Bank on 10, 21 and 31 December 2021 respectively
“%”	per cent.

By Order of the Board
Shenglong Splendecor International Limited
Sheng Yingming
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 22 March 2022

As at the date of this announcement, the Board comprises (i) four executive directors, namely Mr. Sheng Yingming, Mr. Tan Chee Kiang, Mr. Fang Xu and Ms. Sheng Sainan and (ii) three independent non-executive directors, namely Mr. Ma Lingfei, Mr. Tso Ping Cheong Brian and Ms. Huang Yueyuan.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website (<http://www.hkgem.com>) for at least 7 days from the date of its publication and on the Company’s website (<http://www.splendecor.com>).

In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.

* For identification purpose only