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Sino Splendid Holdings Limited

中國華泰瑞銀控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8006)

SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Reference is made to the annual report of Sino Splendid Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2021 (the “**Annual Report**”) published by the Company on 31 March 2022. Unless otherwise defined, terms used herein shall bear the same meanings as those defined in the Annual Report.

USE OF PROCEEDS

In addition to the information disclosed in the section headed “USE OF PROCEEDS” under “MANAGEMENT DISCUSSION AND ANALYSIS” in the Annual Report relating to the 2017 Placing and the 2020 Placing, the board of directors (the “**Board**”) of the Company wishes to provide additional information about the use of the net proceeds of the 2017 Placing as set out in this announcement.

The 2017 Placing

Reference is made to the announcements of the Company dated 22 November 2017, 24 November 2017 and 13 December 2017 (collectively the “**2017 Placing Announcements**”). As disclosed in the 2017 Placing Announcements, the net proceeds of the 2017 Placing (after deduction of fees, commissions and expenses) amounted to approximately HK\$12.51 million (the “**2017 Net Proceeds**”). The Board would like to provide further information pursuant to Rule 18.32A and Rule 18.32(8) of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to the use of the 2017 Net Proceeds as follows:

		Planned use of 2017 Net Proceeds HK\$ million % (approximately)	Actual utilised amount up to 31 December 2021 HK\$ million (approximately)
For general working capital:			
– Salaries expenses, including directors’ emoluments and other staff costs	40.0	5.0	5.0
– Rental expenses for Hong Kong premises	12.0	1.5	1.5
– Legal and professional fee and other administrative expenses	40.0	5.0	5.0
– Other possible investment	8.0	1.01	1.01
	<u>100.0</u>	<u>12.51</u>	<u>12.51</u>

The 2017 Net Proceeds were used according to the intentions as disclosed in the 2017 Placing Announcements.

SIGNIFICANT INVESTMENT

In addition to the information disclosed in the section headed “SIGNIFICANT INVESTMENT” under “MANAGEMENT DISCUSSION AND ANALYSIS” in the Annual Report relating to the two P-Funds held by the Group, the Board wishes to provide additional information about the Goer Tek Inc. Shares (Shenzhen A Shares) acquired by the Group during the year ended 31 December 2021 as set out in this announcement.

Assets Acquired and Consideration

Reference is made to the announcement of the Company dated 21 July 2021, 5 August 2021 and 24 August 2021 (the “**Acquisitions Announcements**”) in relation to the aggregate acquisitions of a total of 150,614 Goer Tek Inc. Shares (the “**Acquisitions**”), representing approximately 0.005% of the entire issued share capital of Goer Tek Inc. as at the date of the Acquisitions Announcements.

During the period from 21 July 2021 to 24 August 2021 (both dates inclusive), the Group, through its wholly owned subsidiary, acquired a total of 150,614 Goer Tek Inc. Shares at an average price of approximately HK\$50.34 per Goer Tek Inc. Shares for an aggregate consideration of approximately HK\$7,582,000 (exclusive of transaction costs).

The aggregate consideration for the Acquisitions was approximately HK\$7,582,000 (exclusive of transaction costs). As the Acquisitions were conducted on the open market, the price of each trade represented the market price of the Goer Tek Inc. Shares at the relevant time of the Acquisitions. The consideration of the Acquisitions has been funded by the Group’s internal resources.

As at 31 December 2021, the fair value of the Goer Tek Inc. Shares held by the Group is approximately HK\$9,941,000, amounting to approximately 6.43% relative to the total assets of the Group.

For the year ended 31 December 2021, the Group has had unrealised gain of approximately HK\$2,359,000 in its investment in the Goer Tek Inc. Shares.

Information on Goer Tek Inc.

Goer Tek Inc. engages in the research and development, manufacture, and sale of acoustic components and audio consumer electronic products. Its products include smart watches, minimicrophone, drones, micro speaker/receiver, bluetooth products, portable studio products, 3D electronic glasses, and LED series products. The company was founded by Bin Jiang on June 25, 2001 and is headquartered in Weifang, China.

Reasons for and Benefits for the Acquisitions

As at the period of the Acquisitions, the Company considered that the financial performance of the Goer Tek Inc. and the low interest rate environment in Hong Kong that the Company considered the Acquisition presented a good opportunity for the Group to utilize its available capital for to generate returns in fulfilling its investment objective.

As the Acquisitions were made at market price and on the open market, the Directors considered that the terms of the Acquisitions are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

Update on the Assets Acquired

Reference is made to the announcement of the Company dated 24 June 2022 in relation to the disposal of the Goer Tek Inc. Shares by the Company (the “**Disposal Announcement**”).

On 24 June 2022, the Group disposed an aggregate of 150,614 Goer Tek Inc. Shares (Shenzhen A Shares) on the open market at an aggregate consideration of approximately HK\$5,892,000 (excluding stamp duty and related expenses), which is receivable in cash on settlement (the “**Disposal**”).

As the Disposal was conducted in the open market, the identities of the counterparties of the Disposed Shares cannot be ascertained. Immediately upon settlement of the Disposal, the Group will not hold any Goer Tek Inc. Shares.

As a result of the Disposal, the Board considers the Group will realise a book loss of approximately HK\$1,690,000 for its investment in the Goer Tek Inc. Shares.

For the total amounting of approximately HK\$5,892,000 being the difference between the consideration received from the Disposal and the aforesaid acquisition cost of Goer Tek Inc. shares (after deducting stamp duty and related expenses), the Group consider that under the unclear atmosphere of the international shares market, the Disposal will enhance the liquidity of the Company and the Group intends to use the proceeds of the Disposal for any further attractive investments when the opportunity arises or for general working capital.

As the Disposal was made in the open market at prevailing market price, the Directors are of the view that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

For further details, please refer to the Acquisitions Announcement and the Disposal Announcement.

SHARE OPTION SCHEME

In addition to the information provided in the section headed “SHARE OPTION SCHEME” under “DIRECTORS’ REPORT” and Note 30 to the Consolidated Financial Statements in the Annual Report, the Board wishes to provide additional information about the Share Option Scheme as set out in this announcement.

The weight average closing price of the Shares immediately before the dates of the exercise of the Options for the year ended 31 December 2021 was approximately HK\$0.335 (for Options exercised by Mr. Chow Chi Wa (a former executive Director), Mr. Yang Xingan (an executive Director) and 10 employees of the Group).

As at the date of the Annual Report, the total number of securities available for issue under the Share Option Scheme was 46,298,092, representing approximately 9.7% of the entire issued share capital of the Company.

MONEY LENDING BUSINESS

In addition to the information disclosed in the section headed “MONEY LENDING BUSINESS” under “MANAGEMENT DISCUSSION AND ANALYSIS” in the Annual Report relating to the information of the money lending business of the Group, the Board wishes to provide additional information regarding such business during the year ended 31 December 2021 as set out in this announcement.

Business Model

In respect of the money lending business, the Group targeted on variety of customers including individuals and corporations by providing secured or unsecured loans. The source of customers is mainly past customers or referrals by third parties. Loans are mainly of unsecured loans by three individuals which had a good standing on their background and income proof and they were referred by the past customers with good standing on the loan and interest repayment. The source of funds for the money lending business is funded by the internal resources of the Group.

Major Terms of Loans Granted

As at 31 December 2021, loan receivables with the aggregate gross principal amount of HK\$11,000,000 and no interest receivables (2020: gross principal amount of HK\$11,000,000 and gross interest receivables of HK\$2,426,000) were due from three (2020: four) independent third parties. The interest rates of the loan receivables range from 8% to 10% per annum (2020: 8% to 10% per annum.) on the principals from HK\$3,500,000 to HK\$4,000,000 (2020: from HK\$2,000,000 to HK\$4,000,000). Three (2020: four) of the loan receivables are unsecured, of which the largest loan receivables of approximately HK\$4,000,000. Two of loan receivables were repayable in 2022 and 1 of loan receivables were repayable in 2023.

Loan Impairments

The loan impairment was recognised due to the expected credit losses. In 2021, the economic downturn will be continued due to the continuation of the epidemic which may affect the repayment ability of the borrower, thus affecting the Group's expectation to each of the borrowers on their ability to repay their debts. Therefore, when estimating the default rate of loan receivables, the Group considered that the default rate of each borrowers increased in 2021 when compared with 2020. Besides, the Group based on the borrowers' current financial status by communicating with the borrowers, referring to their past and current repayment records, loan terms, and the value of the collaterals, and will make further additional independent adjustments, to calculate the loan impairment for the year.

Internal Controls

The Group manages credit risk through review and credit approval and post-transaction monitoring processes which are performed by management. Before the loans were granted, an independent credit risk assessment has been performed. The independent credit risk assessment including but not limited to the background check, income or asset proof of individual customers and financial reports of corporate customers and the verification of the authenticity of the information provided, to ensure the recovery ability of the loan.

The Company has adopted the procedures on monitoring loan repayment and recovery which involve (a) the borrowers is required to report on the financial or business performance periodically; (b) it is required to report to the Company for any material defaulted loans immediately upon occurrence; In respect of delinquent loans, the standard demand letters will be issued. If no satisfactory response is received, formal legal demand letters will be issued. Thereafter formal legal proceedings may be issued where appropriate.

The above additional information does not affect other information contained in the Annual Report and save as disclosed above, all other information in the Annual Report remains unchanged.

By Order of the Board
Sino Splendid Holdings Limited
Wang Tao
Executive Director

Hong Kong, 17 October 2022

As at the date of this announcement, the Board comprises Mr. Wang Tao and Mr. Yang Xingan as executive Directors; Ms. Yang Shuyan, Ms. Wang Qingling and Ms. Lee Yim Wah as independent nonexecutive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM 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 website of the Stock Exchange at www.hkexnews.hk for a minimum period of seven days from the date of its publication and on the website of the Company at www.sinosplendid.com.