

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)

THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the Directors (the “Directors”) of Sino Splendid Holdings Limited 中國華泰瑞銀控股有限公司 (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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.

The board (the “Board”) of Directors of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the three months (the “Quarterly Period”) and nine months (the “Nine-Month Period”) ended 30 September 2017, together with the comparative unaudited figures for the corresponding periods in 2016.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2017

| | | (Unaudited) Three months ended 30 September | | (Unaudited) Nine months ended 30 September | |
|--|-------|---|---------------|--|----------------|
| | | 2017 | 2016 | 2017 | 2016 |
| | Notes | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Revenue | 3 | 20,776 | 22,631 | 63,638 | 70,339 |
| Cost of sales | | (11,830) | (8,787) | (34,346) | (33,300) |
| Gross profit | | 8,946 | 13,844 | 29,292 | 37,039 |
| Other income | | 7,714 | 4,151 | 34,529 | 4,622 |
| Fair value change on financial assets at fair value through profit or loss | | 3,131 | 91,028 | (179,145) | 129,576 |
| (Loss)/gain on disposal of financial assets at fair value through profit or loss | | (8,534) | (555) | (52,871) | 776 |
| Selling and distribution expenses | | (2,047) | (7,733) | (13,881) | (24,207) |
| Administrative expenses | | (11,717) | (8,441) | (29,061) | (21,425) |
| (Loss)/profit before tax | | (2,507) | 92,294 | (211,137) | 126,381 |
| Income tax credit/(expense) | 4 | (9,479) | (15,578) | 27,449 | (23,608) |
| (Loss)/profit for the period | | (11,986) | 76,716 | (183,688) | 102,773 |
| Other comprehensive income | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Exchange differences on translating foreign operations | | 1,636 | 1,192 | 4,150 | 1,192 |
| Other comprehensive income for the period | | 1,636 | 1,192 | 4,150 | 1,192 |
| Total comprehensive (loss)/income for the period | | (10,350) | 77,908 | (179,538) | 103,965 |

| | <i>Notes</i> | (Unaudited) Three months ended 30 September 2017 <i>HK\$'000</i> | | (Unaudited) Nine months ended 30 September 2017 <i>HK\$'000</i> | |
|---------------------------------------|--------------|--|---------------|---|----------------|
| | | 2016 <i>HK\$'000</i> | | 2016 <i>HK\$'000</i> | |
| | | | | | |
| (Loss)/profit attributable to: | | | | | |
| Owners of the Company | | (11,986) | 76,716 | (183,688) | 102,773 |
| Non-controlling interests | | — | — | — | — |
| | | <u>(11,986)</u> | <u>76,716</u> | <u>(183,688)</u> | <u>102,773</u> |
| Total comprehensive | | | | | |
| (loss)/income attributable to: | | | | | |
| Owners of the Company | | (10,350) | 77,908 | (179,538) | 103,965 |
| Non-controlling interests | | — | — | — | — |
| | | <u>(10,350)</u> | <u>77,908</u> | <u>(179,538)</u> | <u>103,965</u> |
| (Loss)/earnings per share | 5 | | | | |
| Basic (cents per share) | | <u>(3.73)</u> | <u>23.86</u> | <u>(57.13)</u> | <u>31.96</u> |

Notes:

1. GENERAL INFORMATION

The Company is an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on The Growth Enterprise Market (the “GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company and the Group is engaged in (i) travel media operations with provision of advertising service through the internet and travel magazines, event organizing services and magazine publication; (ii) provision of contents and advertising services in a well-known financial magazine distributed in PRC; (iii) investment in securities; and (iv) money lending.

2. BASIS OF PREPARATION

The accompanying unaudited consolidated results of the Group are prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the GEM Listing Rules. They have been prepared under historical cost convention except for certain financial instruments, which are measured at fair value. The accounting policies adopted are consistent with those followed in preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2016.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current period of the Group. These new and revised HKFRSs have no significant impact on the results or the financial position of the Group for the current and previous accounting periods.

The Group has not applied new standards or interpretations that are not yet effective for the current accounting period.

The consolidated results are unaudited but have been reviewed by the Company’s audit committee.

3. REVENUE

Revenue represents the net amounts received and receivable for goods sold and services provided, net of discounts and sales related taxes, and are summarised as follows:

| | For the three months ended 30 September | | For the nine months ended 30 September | |
|-----------------------|--|---------------|---|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| | HK\$’000 | HK\$’000 | HK\$’000 | HK\$’000 |
| Travel media | 14,933 | 19,025 | 46,773 | 66,733 |
| Financial magazine | 5,814 | 3,606 | 16,836 | 3,606 |
| Securities investment | – | – | – | – |
| Money lending | 29 | – | 29 | – |
| | <u>20,776</u> | <u>22,631</u> | <u>63,638</u> | <u>70,339</u> |

4. INCOME TAX

| | For the three months ended 30 September | | For the nine months ended 30 September | |
|--------------------------|--|-----------------|---|-----------------|
| | 2017 | 2016 | 2017 | 2016 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Current tax – overseas | 133 | 558 | 456 | 2,228 |
| Deferred tax – Hong Kong | 9,346 | 15,020 | (27,905) | 21,380 |
| | <u>9,479</u> | <u>15,578</u> | <u>(27,449)</u> | <u>23,608</u> |

Hong Kong Profits tax is calculated at 16.5% of the estimated assessable profit for the Nine-Month Period and corresponding period in 2016.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

5. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for the three months ended 30 September 2017 was based on the loss for the period attributable to owners of the Company of approximately HK\$11,986,000 (2016: profit attributable to owners of the Company of approximately HK\$76,716,000) and on the weighted average number of ordinary shares of approximately 321,520,923 shares (2016: 321,520,923 shares).

The calculation of basic (loss)/earnings per share for the nine months ended 30 September 2017 was based on the loss for the period attributable to owners of the Company of approximately HK\$183,688,000 (2016: profit attributable to owners of the Company of approximately HK\$102,773,000) and on the weighted average number of ordinary shares of approximately 321,520,923 shares (2016: 321,520,923 shares).

The Company has no potentially dilutive ordinary shares issued during the nine months ended 30 September 2017 and corresponding period in 2016. Diluted (loss)/earnings per share for the three months ended 30 September 2017 (three months ended 30 September 2016) and nine months ended 30 September 2017 (nine months ended 30 September 2016) were the same as the basic (loss)/earnings per share.

6. MOVEMENT OF RESERVES

| | Share premium HK\$'000 (note a) | Capital reserve HK\$'000 (note a) | Goodwill reserve HK\$'000 | Capital redemption reserve HK\$'000 | Reserve funds HK\$'000 (note b) | Translation reserve HK\$'000 | Retained profits HK\$'000 | Subtotal HK\$'000 | Attributable to non- controlling interests HK\$'000 | Total HK\$'000 |
|---|--|--|---------------------------------|--|--|------------------------------------|---------------------------------|----------------------|---|-------------------|
| At 1 January 2016 | – | 755 | (31,193) | 11,690 | 19,025 | 45,287 | 149,526 | 195,090 | 2,029 | 197,119 |
| Profit for the period | – | – | – | – | – | – | 102,773 | 102,773 | – | 102,773 |
| Other comprehensive income for the period | – | – | – | – | – | 1,192 | – | 1,192 | – | 1,192 |
| Total comprehensive income for the period | – | – | – | – | – | 1,192 | 102,773 | 103,965 | – | 103,965 |
| Share changes upon capital restructure issue | 61,089 | – | – | – | – | – | – | 61,089 | – | 61,089 |
| At 30 September 2016 | <u>61,089</u> | <u>755</u> | <u>(31,193)</u> | <u>11,690</u> | <u>19,025</u> | <u>46,479</u> | <u>252,299</u> | <u>360,144</u> | <u>2,029</u> | <u>362,173</u> |
| At 1 January 2017 | <u>61,089</u> | <u>755</u> | <u>(31,193)</u> | <u>11,690</u> | <u>19,025</u> | <u>43,268</u> | <u>264,726</u> | <u>369,360</u> | <u>2,029</u> | <u>371,389</u> |
| Loss for the period | – | – | – | – | – | – | (183,688) | (183,688) | – | (183,688) |
| Other comprehensive income for the period | – | – | – | – | – | 4,150 | – | 4,150 | – | 4,150 |
| Total comprehensive income/(loss) for the period | – | – | – | – | – | 4,150 | (183,688) | (179,538) | – | (179,538) |
| At 30 September 2017 | <u>61,089</u> | <u>755</u> | <u>(31,193)</u> | <u>11,690</u> | <u>19,025</u> | <u>47,418</u> | <u>81,038</u> | <u>189,822</u> | <u>2,029</u> | <u>191,851</u> |

Note a: Under the Companies Law of the Cayman Islands (2010 Revision as amended from time to time), the share premium and capital reserve of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

Note b: Pursuant to the relevant laws and regulations for foreign investment enterprises (“FIEs”) established in the People’s Republic of China excluding Hong Kong (the “PRC”), a certain portion of the FIE’s profits is required to be transferred to reserve funds which are not distributable. Transfers to this reserve are made out of the FIE’s profits after taxation calculated in accordance with accounting principles and financial regulations applicable to PRC enterprises (“PRC GAAP”) and shall not be less than 10% of profit after taxation calculated in accordance with PRC GAAP. No such transfer were made during both periods as there were no such profit after taxation in both periods.

7. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2017 (the corresponding period in 2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and gross profit

Revenue for the Nine-Month Period was HK\$63,638,000 representing a HK\$6,701,000, or 10% decrease compared to the corresponding period in 2016. The decrease was primarily attributable to decline in revenue from Travel Media Business.

Gross profit margin for the Nine-Month Period maintained at a stable level of 46%, compared to 53% in the same period last year.

Other income

Other income increased by 647% to HK\$34,529,000 for the Nine-Month Period, compared to HK\$4,622,000 for the corresponding period in 2016. The significant increase was primarily due to HK\$34,277,000 investment income recognised and received from private equity fund investments for the Nine-Month Period (2016: HK\$3,936,000).

Selling and distribution expenses

Selling and distribution expenses decreased by 43% to HK\$13,881,000 for the Nine-Month Period, compared to HK\$24,207,000 for the corresponding period in 2016. The decrease was mainly due to the decrease in revenue from Travel Media Business.

Administrative expenses

Administrative expenses increased by 36% to HK\$29,061,000 for the Nine-Month Period, compared to HK\$21,425,000 for the corresponding period in 2016.

Income tax

The Group recorded an income tax credit of HK\$27,449,000 for the Nine-Month Period, compared to an expense of HK\$23,608,000 for the corresponding period in 2016. The change is mainly attributable to deferred tax credit of HK\$27,905,000 was recognised for the Nine-Month Period.

Loss for the period attributable to owners of the Company

Loss for the period attributable to owners of the Company was approximately HK\$183,688,000 for the Nine-Month Period, compared to profit of HK\$102,773,000 for the corresponding period in 2016.

BUSINESS REVIEW

Travel Media Business

Intra-regional and international inbound arrival into Asia Pacific region in 2017 is expected to continue to do well, with annual growth of about 6% to reach a combined volume of about 630 million visitors by year end. However, this positive outlook in tourism arrival is not reflective of how hoteliers and the industry are responding to growing competition from sharing economy players such as Airbnb. The competitive landscape is further exacerbated with the proliferation of new hotels in recent years. The economic sentiment in the region is mixed, with the travel trade industry in particular leaning towards a cautious outlook.

Consequently, many advertisers are holding back their A&P spending, especially on print platforms. Some have even shifted in favour of below the line activities such as road shows and direct selling while others have turned their focus to on-line internet marketing through social media. Print travel media in the TTG Travel Trade Publishing Group continues to face pressure as evidenced by slower sales for the quarter compared to a year ago.

The strengthening of the US dollar has also greatly affected the Group's bottom line. If not for forex losses, TTG's performance would have met the group's YTD budgeted profit for the first nine months of 2017.

It was a challenging quarter with operating profit for the third quarter of 2017 falling short of budget, primarily because of lower publishing revenue across the board. Advertisers had cut back on run-of-page advertising and swayed towards tactical marketing campaigns or the use of alternative non-traditional media.

YTD profit also missed the mark as a result of declined revenue and foreign exchange losses.

Operationally, the group completed 3 publishing special projects during the third quarter. These special projects contributed favorably in narrowing shortfall in sales revenue from our stable of print publications. The three special projects were:

- (1) ASEAN 50th Anniversary Cruise supplement in August;
- (2) TTGmice Planner (Sep 2017); and
- (3) PATA Travel Mart show dailies (Sep 2017);

The TTG Events group organised three travel trade events during this quarter and these events are:

1. Singapore Gifts Show (SGS) 12 to 14 July | Singapore

Singapore Gifts Show (SGS) is Singapore's dedicated gifts trade event showcasing top gifts, premiums, lifestyle products and services from around the region and beyond. Attended by ready local and international trade buyers and corporate visitors, SGS boasts an audience of purchasers, corporate and marketing professionals from around the world. Established in 2006, SGS's annual showcase includes a 3-day exhibition and industry seminar.

2. Incentive Travel & Conventions Meetings Asia (IT&CMA) 26 to 28 September 2017 | Bangkok

IT&CMA is Asia Pacific's leading international Meetings, Incentives, Conventions and Exhibitions (MICE) business, education and networking event. The main objective of this event is to bring together Asia Pacific and international MICE exhibitors and buyers in one dynamic marketplace. The event also served as a platform for international and leading Asia Pacific players in the MICE industry to explore business opportunities on all fronts.

3. Corporate Travel World (CTW) Asia Pacific 26 to 28 September 2017 | Bangkok

CTW Asia Pacific is the leading Corporate Travel Management Conference in the Asia Pacific. It has been the market's answer to the proliferation of business travel & entertainment (T&E) activities from companies and multi-national corporation based in Asia Pacific. This market-driven event is dedicated to raising the sophistication of corporate travel professionals who manage the T&E needs for their organisations.

Both these events were co-located and organised concurrently in Bangkok during the third week of September 2017. These two-shows are positioned as Asia Pacific Only Doublebill Event in MICE and Corporate Travel. As more time is needed to finalise the accounts for these two events, the financial status of these two events will be reported in the fourth quarter instead.

The Singapore Tourism Board (STB) has extended the endorsement of TTG Maps for another one year term. With this endorsement, TTG Maps & Guides will continue to be distributed through STB's overseas offices as well as Singapore Visitor Centres across the Island operated by STB. The endorsement also contributed to strengthening its unique selling proposition for the group.

Financial Magazine Business

Revenue from this business was HK\$16,836,000, which accounted for 26% of the Group's total revenue for the period under review. This business recorded a gross profit of HK\$5,710,000 and gross profit margin of 34%.

Securities Investment

As at 30 September 2017, total market value for the held-for-trading investments of the Group was approximately HK\$5 million and recorded a substantial loss on change in fair value of approximately HK\$232 million for the Nine-Month Period.

Money Lending Business

Revenue from this business was HK\$29,000, which accounted for 0.05% of the Group's total revenue for the period under review.

SIGNIFICANT INVESTMENTS

As at 30 September 2017, the Group had held-for-trading investments, representing equity securities listed in Hong Kong, of approximately HK\$5 million. The Board considers that investments with market value accounting for more than 5% of the Group's total assets as at 30 September 2017 as significant investments.

Details of the top two held-for-trading investments, in terms of market value as at 30 September 2017, are as follows:

| Company name | Stock Code | For the nine months ended 30 September 2017 | | | |
|--|------------|---|---|---|--------------------------------------|
| | | Market value as at 30 September 2017 <i>HK'000</i> | Proportion to the total assets of the Group | Gain/(loss) on fair value changes of the investments <i>HK\$'000</i> | Dividend received <i>HK\$'000</i> |
| Hao Wen Holdings Limited | 8019 | 2,420 | 0.99% | (1,016) | – |
| China Properties Investment Holdings Limited | 736 | 2,106 | 0.86% | (3,511) | – |
| Others | | 610 | 0.25% | (5,725) | – |
| | | <u>5,136</u> | | <u>(10,252)</u> | <u>–</u> |

INTERESTS AND SHORT POSITIONS OF DIRECTORS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2017, the interests of each of the Directors, chief executive and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register maintained by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the directors, were as follows:

The Company

Long positions in ordinary shares and the underlying shares of equity derivatives

| Name of Directors/ chief executive | Number of shares | Number of underlying shares | Nature of interests/ Holding capacity | Approximate percentage of interests |
|---------------------------------------|---------------------|-----------------------------------|--|---|
| Nil | Nil | Nil | Nil | Nil |

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to any Director or chief executive of the Company, as at 30 September 2017, the following person and companies (not being a Director or chief executive of the Company) who have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

| Name | Number of shares | Number of underlying shares | Percentage of issued share capital |
|--|----------------------------------|-----------------------------------|--|
| QiYi Holdings Limited (<i>Note 1</i>) | 90,943,126 (L) (<i>Note 2</i>) | – | 28.29% (L) |
| Mr. Chen Ying Zhen (<i>Note 1</i>) | 90,943,126 (L) | – | 28.29% (L) |
| Gold Medal Hong Kong Limited (<i>Note 3</i>) | 89,344,738 (L) | – | 27.79% (L) |
| WLS Holdings Limited (<i>Note 3</i>) | 89,344,738 (L) | – | 27.79% (L) |

L – Long Position

Note:

- (1) Mr. Chen Ying Zhen is a substantial shareholder, director and the ultimate beneficial owner of QiYi Holdings Limited.
- (2) QiYi Holdings Limited pledged 89,344,738 shares to Gold Medal Hong Kong Limited.
- (3) Gold Medal Hong Kong Limited is a wholly owned subsidiary of WLS Holdings Limited.

Save as disclosed above, as at 30 September 2017, none of the Directors are aware of any other persons who has an interest or short position in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the nine months ended 30 September 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

During the nine months ended 30 September 2017, none of the Directors or the management of the Company or their respective associates had an interest in a business which competes or may compete with the business of the Group.

SECURITIES TRANSACTIONS BY DIRECTORS

During the nine months ended 30 September 2017, the Company has not adopted a code of conduct regarding the Directors' securities transactions but has applied the principles of the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules ("Required Standard of Dealings"). Having made specific enquiry of all Directors of the Company, the Directors confirmed that they have complied with or they were not aware of any non-compliance with the Required Standard of Dealings during the nine months ended 30 September 2017.

CORPORATE GOVERNANCE CODE COMPLIANCE

The Company has complied throughout the nine months ended 30 September 2017 with the applicable code provisions in the Corporate Governance Code (the "CG code") and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules.

SHARE OPTION SCHEME

The Company's share option scheme (the "2013 Share Option Scheme"), was adopted pursuant to a resolution passed on 31 December 2013 which will expire on 31 December 2023. The purpose of the 2013 Share Option Scheme is to provide incentives to directors, eligible employees and other person(s) who may make a contribution to the Group. Under the 2013 Share Option Scheme, the board (the "Board") of directors (the "Director(s)") of the Company may grant options to eligible person(s), including employees, directors of the Company and its subsidiaries, consultant, adviser, agent, contractor, customer and supplier of any member of the Group whom the Board in its sole discretion considers eligible for the 2013 Share Option Scheme on the basis of his/her contribution to the development and growth of the Group.

The maximum number of shares which can be granted under the 2013 Share Option Scheme must not exceed 10% of the total number of shares in issue as at the date of approval of such scheme. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive Directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 7 days from the date of the offer upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors. There is no general requirement on the minimum period for which option must be held before an option can be exercised. All options must be exercised within 10 years from the date of grant of options.

The exercise price is determined by the Directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding date of grant; and (iii) the nominal value of the Company's share.

No share option has been granted under 2013 Share Option Scheme as at 30 September 2017.

AUDIT COMMITTEE

The Company established an Audit Committee on 25th February 2000 with written terms of reference which are of no less exacting terms than those set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules. At present, the Audit Committee comprises three independent non-executive Directors namely, Ms. Yang Shuyan, Mr. Zhang Xiaoguang and Ms. Lee Yim Wah. The primary duties of the Audit Committee are to oversee that management (i) has maintained the reliability and integrity of the accounting policies and financial reporting and disclosure practices of the Company; (ii) has established and maintained processes to assure that an adequate system of internal control is functioning within the Company; and (iii) has established and maintained processes to assure compliance by the Company with all applicable laws, regulations and corporate policy.

The Group's financial statements for the Nine-Month Period have been reviewed by the Audit Committee, which was of the opinion that such statements complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures were made.

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Nine-Month Period.

On behalf of the Board
Mr. Chow Chi Wa
Executive Director

Hong Kong, 6 November 2017

As at the date of this announcement, the Directors of the Company are:

Executive Directors:

Mr. Chow Chi Wa, Mr. Wang Tao and Mr. Yang Xingan

Independent Non-Executive Directors:

Ms. Yang Shuyan, Mr. Zhang Xiaoguang and Ms. Lee Yim Wah

The announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.sinosplendid.com.