

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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

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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 GEM 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: (1) the information contained in this announcement is accurate and complete in all material respects and no misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The board (the “Board”) of directors (the “Directors”) of Sino Splendid Holdings Limited 中國華泰瑞銀控股有限公司 (the “Company”) is pleased to announce the unaudited consolidated results (the “Unaudited Interim Results”) of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the three months (the “Quarterly Period”) and six months (the “Half-Yearly Period”) ended 30 June 2018, together with the comparative unaudited figures for the corresponding periods in 2017.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Revenue	3	26,461	25,357	41,912	42,862
Cost of sales		(13,946)	(13,253)	(22,470)	(22,516)
Gross profit		12,515	12,104	19,442	20,346
Other income, gains and losses	16	(2,076)	(190,505)	(5,663)	(199,798)
Selling and distribution expenses		(7,996)	(8,536)	(10,456)	(11,834)
Administrative expenses		(8,863)	(9,329)	(18,645)	(17,344)
Loss before income tax		(6,420)	(196,266)	(15,322)	(208,630)
Income tax credit	5	155	30,304	596	36,928
Loss for the period	6	<u>(6,265)</u>	<u>(165,962)</u>	<u>(14,726)</u>	<u>(171,702)</u>
Other comprehensive (expenses) income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operation		(2,203)	873	(953)	2,514
Other comprehensive (expenses) income for the period		(2,203)	873	(953)	2,514
Total comprehensive expenses for the period		<u>(8,468)</u>	<u>(165,089)</u>	<u>(15,679)</u>	<u>(169,188)</u>

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 June		30 June	
	2018	2017	2018	2017
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss attributable to:				
Owners of the Company	(6,265)	(165,962)	(14,726)	(171,702)
Non-controlling interests	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(6,265)</u>	<u>(165,962)</u>	<u>(14,726)</u>	<u>(171,702)</u>
Total comprehensive expenses				
attributable to:				
Owners of the Company	(8,468)	(165,089)	(15,679)	(169,188)
Non-controlling interests	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(8,468)</u>	<u>(165,089)</u>	<u>(15,679)</u>	<u>(169,188)</u>
Loss per share				
Basic (<i>cents per share</i>)	(1.62)	(51.62)	(3.81)	(53.40)

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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	<i>Notes</i>	(Unaudited) 30 June 2018 <i>HK\$'000</i>	(Audited) 31 December 2017 <i>HK\$'000</i>
Non-current Assets			
Property, plant and equipment	9	1,366	1,737
Goodwill		5,161	5,161
Intangible assets		12,954	16,717
Available-for-sale investments		65,725	65,437
		<u>85,206</u>	<u>89,052</u>
Current Assets			
Accounts receivable	10	30,320	26,964
Prepayments, deposits and other receivables		16,925	4,397
Loan receivables		13,178	9,178
Held-for-trading investments		9,105	13,369
Bank balances and cash		75,970	111,901
		<u>145,498</u>	<u>165,809</u>
Current Liabilities			
Accounts payable	11	4,313	2,653
Other payables and accrued liabilities		21,860	34,588
Deferred revenue		5,361	1,258
Tax liabilities		1,245	1,619
		<u>32,779</u>	<u>40,116</u>
Net Current Assets		<u>112,719</u>	<u>125,693</u>
Total Assets less Current Liabilities		<u>197,925</u>	<u>214,745</u>
Non-current liabilities			
Deferred tax liabilities		1,616	2,757
Net assets		<u>196,309</u>	<u>211,988</u>
Capital and Reserves			
Share capital	12	3,858	3,858
Share premium and reserves		190,422	206,101
Equity attributable to owners of the Company		194,280	209,959
Non-controlling interests		2,029	2,029
Total Equity		<u>196,309</u>	<u>211,988</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Share capital	Share premium	Capital reserve	Goodwill reserve	Capital redemption reserve	Reserve funds	Translation reserve	Retained profits	Subtotal	Attributable to non-controlling interests	Total
	<i>HKS'000</i>	<i>HKS'000</i> <i>(Note a)</i>	<i>HKS'000</i> <i>(Note a)</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i> <i>(Note b)</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
At 1 January 2017	3,215	61,089	755	(31,193)	11,690	19,025	43,268	264,726	372,575	2,029	374,604
Loss for the period	-	-	-	-	-	-	-	(171,702)	(171,702)	-	(171,702)
Other comprehensive income for the period	-	-	-	-	-	-	2,514	-	2,514	-	2,514
Total comprehensive income for the period	-	-	-	-	-	-	2,514	(171,702)	(169,188)	-	(169,188)
Dividend (Note 8)	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2017	3,215	61,089	755	(31,193)	11,690	19,025	45,782	93,024	203,387	2,029	205,416
At 1 January 2018	3,858	72,982	755	(31,193)	11,690	19,025	48,004	84,838	209,959	2,029	211,988
Loss for the period	-	-	-	-	-	-	-	(14,726)	(14,726)	-	(14,726)
Other comprehensive expenses for the period	-	-	-	-	-	-	(953)	-	(953)	-	(953)
Total comprehensive expenses for the period	-	-	-	-	-	-	(953)	(14,726)	(15,679)	-	(15,679)
At 30 June 2018	3,858	72,982	755	(31,193)	11,690	19,025	47,051	70,112	194,280	2,029	196,309

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 (the “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 profit after taxation calculated in accordance with accounting principles and financial regulations applicable to PRC enterprises (the “PRC GAAP”) and shall not be less than 10% of profit after taxation calculated in accordance with the PRC GAAP. No such transfer was made during both periods as there was no such profit after taxation from the FIEs in either periods.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	(Unaudited)	
	Six months ended 30 June	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(34,686)	(9,825)
Net cash (used in) generated by investing activities	(259)	38,129
Cash generated from financing activities	–	–
	<hr/>	<hr/>
Net (decrease) increase in cash and cash equivalents	(34,945)	28,304
Cash and cash equivalents at 1 January	111,901	80,980
Effect of exchange rate changes on the balance of cash held in foreign currencies	(986)	2,564
	<hr/>	<hr/>
Cash and cash equivalents at 30 June, representing bank balances and cash	<u>75,970</u>	<u>111,848</u>

NOTES:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards (the “HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of Chapter 18 of the GEM Listing Rules.

The unaudited condensed consolidated financial statements of the Group have not been reviewed by the Company’s auditor. Adjustments may be identified during the course of annual audit to be performed by the Company’s auditor.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group have been prepared under historical cost convention, except for certain financial instruments, which are measured at fair value. The principal accounting policies used in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in the preparation of the annual financial statements of the Group for the year ended 31 December 2017 except as described below.

In the Half-Yearly Period, the Group has applied, for the first time, certain new or revised HKFRSs issued by the HKICPA. The application of the new or revised HKFRSs in the Half-Yearly Period had no material effect on the amounts reported in the unaudited condensed consolidated financial statements and/or disclosures set out in the unaudited condensed consolidated financial statements.

3. REVENUE

An analysis of the Group’s revenue for the period is as follows:

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 June		30 June	
	2018	2017	2018	2017
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Travel Media	20,502	20,055	30,469	31,840
Financial Magazine	5,576	5,302	10,686	11,022
Securities Investment	–	–	–	–
Money Lending	383	–	757	–
	26,461	25,357	41,912	42,862

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has four (2017: three) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- i. Engaged in travel media operations with provision of advertising services through the internet and travel magazines, event organizing services and magazine publication (the "Travel Media Business");
- ii. Provision of contents and advertising services in a well-known financial magazine distributed in the PRC (the "Financial Magazine Business");
- iii. Investment in securities (the "Securities Investment"); and
- iv. Money lending (the "Money Lending Business")

Inter-segment transactions, if any, are priced with reference to prices charged to external parties for similar products or services. Corporate revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

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

	(Unaudited)				
	Six months ended 30 June 2018				
	Travel Media Business <i>HK\$'000</i>	Financial Magazine Business <i>HK\$'000</i>	Securities Investment <i>HK\$'000</i>	Money Lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue from external customers	30,469	10,686	-	757	41,912
Reportable segment profit (loss)	<u>1,775</u>	<u>(2,970)</u>	<u>(6,284)</u>	<u>756</u>	<u>(6,723)</u>

	(Unaudited)				
	Six months ended 30 June 2017				
	Travel Media Business <i>HK\$'000</i>	Financial Magazine Business <i>HK\$'000</i>	Securities Investment <i>HK\$'000</i>	Total <i>HK\$'000</i>	
Reportable segment revenue from external customers	31,840	11,022	-	42,862	
Reportable segment profit (loss)	<u>1,482</u>	<u>(4,861)</u>	<u>(227,385)</u>	<u>(230,764)</u>	

Reconciliation of reportable segment revenue and profit or loss

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue		
Reportable segment revenue	<u>41,912</u>	<u>42,862</u>
Loss before income tax		
Reportable segment loss	(6,723)	(230,764)
Unallocated corporate income	130	26,485
Unallocated corporate expenses	<u>(8,729)</u>	<u>(4,351)</u>
Consolidated loss before income tax	<u><u>(15,322)</u></u>	<u><u>(208,630)</u></u>

Geographic information

The geographical location of customers is based on the location at which the goods delivered or service provided. The geographical location of the non-current asset is based on the physical and operating location of the assets.

The Group's operations and workforce are mainly located in Singapore and Hong Kong.

The following table provides an analysis of the Group's revenue from external customers.

	(Unaudited)	
	Six months ended 30 June	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Singapore	30,469	31,840
Hong Kong	<u>11,443</u>	<u>11,022</u>

The following table provides an analysis of the Group's non-current assets.

	(Unaudited)	(Audited)
	30 June	31 December
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Singapore	529	712
Hong Kong	<u>84,677</u>	<u>88,340</u>

5. INCOME TAX

Hong Kong profits tax is calculated at 16.5% for the Half-Yearly Period and the corresponding period in 2017. No provision for Hong Kong profits tax has been made as the Group had no significant assessable profits in Hong Kong for the Half-Yearly Period and the corresponding period in 2017.

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

6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging (crediting) the following items:

	(Unaudited)	
	Six months ended 30 June	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	366	381
Staff costs (including directors' emoluments)	6,027	6,374
Auditor's remuneration	88	286
Investment income from available-for-sale investments (included in other income, gains and losses)	(32)	(26,484)
Net foreign exchange loss	381	1,509
Bank interest income (included in other income, gains and losses)	(1)	(4)
	<u> </u>	<u> </u>

7. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	(Unaudited)			
	Three months ended		Six months ended	
	30 June		30 June	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss				
Loss for the purpose of basic loss per share	<u>(6,265)</u>	<u>(165,962)</u>	<u>(14,726)</u>	<u>(171,702)</u>

	(Unaudited)			
	Three months ended		Six months ended	
	30 June		30 June	
	2018	2017	2018	2017
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Number of shares				
Weighted average number of ordinary shares for the purpose of loss per share	<u>385,821</u>	<u>321,521</u>	<u>385,821</u>	<u>321,521</u>

The Company has no potentially dilutive ordinary shares in issue during the six months ended 30 June 2018 and 2017. Diluted earnings per share for the six months ended 30 June 2018 and 2017 were the same as the basic earnings per share.

8. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2018 (the corresponding period in 2017: Nil).

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Half-Yearly Period, the Group acquired computer equipment at a cost of HK\$4,000 (2017: HK\$117,000). The total additions of property, plant and equipment during the Half-Yearly Period were HK\$4,000 (2017: HK\$117,000).

10. ACCOUNTS RECEIVABLE

The following is an aged analysis of accounts receivable net of allowance for doubtful debts presented based on invoice date at the end of the reporting period:

	(Unaudited) 2018 30 June <i>HK\$'000</i>	(Audited) 2017 31 December <i>HK\$'000</i>
Within 90 days	13,671	14,745
91-120 days	1,660	1,633
121-180 days	2,557	3,815
Over 180 days	12,432	6,771
	<u>30,320</u>	<u>26,964</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to six months for major customers. The Group seeks to maintain strict control over its outstanding accounts receivable and has a credit control policy to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group had provided an impairment loss on accounts receivable based on experience of collecting payments.

11. ACCOUNTS PAYABLE

The following is an aged analysis of accounts payable presented based on the invoice date at the end of the reporting period:

	(Unaudited) 2018 30 June <i>HK\$'000</i>	(Audited) 2017 31 December <i>HK\$'000</i>
Within 90 days	4,201	2,433
91-120 days	7	74
121-180 days	–	10
Over 180 days	105	136
	<u>4,313</u>	<u>2,653</u>

12. SHARE CAPITAL

	Number of shares		Share capital	
	(Unaudited) 2018 30 June	(Audited) 2017 31 December	(Unaudited) 2018 30 June <i>HK\$'000</i>	(Audited) 2017 31 December <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each Authorised	<u>50,000,000,000</u>	<u>50,000,000,000</u>	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:				
At beginning of the period/year	<u>385,820,923</u>	321,520,923	<u>3,858</u>	3,215
Share placing (<i>Note a</i>)	<u>–</u>	64,300,000	<u>–</u>	643
At end of the period/year	<u>385,820,923</u>	<u>385,820,923</u>	<u>3,858</u>	<u>3,858</u>

Note:

- (a) On 13 December 2017, the Company issued and allotted 64,300,000 shares at a price of HK\$0.20 per share by way of placing pursuant to the placing agreement dated 22 November 2017.

13. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

For the available-for-sale financial assets, it comprised the unlisted private equity funds which the management, operation, policy and conduct of which shall be vested exclusively in the general partners. The Group's investment has been accounted for at cost less impairment, if any, at the end of each reporting period because the range of reasonable fair value estimates is so significant that the Directors of the Company are of the opinion that their fair value cannot be measured reliably.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the unaudited condensed consolidated financial statements approximate their fair values.

14. COMMITMENTS

	(Unaudited) 2018 30 June <i>HK\$'000</i>	(Audited) 2017 31 December <i>HK\$'000</i>
Commitment in respect of investment in private equity funds	<u>3,776</u>	<u>4,064</u>

15. RELATED PARTY TRANSACTIONS

The Group has no transaction with related parties in the Half-Yearly Period.

Compensation of key management personnel

The remuneration of key management consisting of the Directors and four employees (2017: the Directors and two employees) is as follows:

	(Unaudited)	
	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Short-term benefits	2,429	3,006
Retirement benefit scheme contributions	52	51
	<u>2,481</u>	<u>3,057</u>

The remuneration of key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

16. OTHER INCOME, GAINS AND LOSSES

The other income, gains and losses for the Half-Yearly Period is mainly attributable to the fair value loss of held-for-trading investments of approximately HK\$5,461,000 (2017: loss of HK\$182,276,000), loss on disposal of held-for-trading investments of approximately HK\$245,000 (2017: loss of HK\$44,337,000) and investment income from available-for-sale investments of approximately HK\$32,000 (2017: income of HK\$26,484,000).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and gross profit

Revenue for the Half-Yearly Period was HK\$41,912,000 representing a HK\$950,000, or 2% decrease compared with the corresponding period in 2017. The decrease was primarily attributable to decrease in revenue from Travel Media Business and Financial Magazine Business.

Gross profit margin for the Half-Yearly Period maintained at a stable level of 46%, compared with 47% in the same period last year.

Other income, gains and losses

Other losses (net) amounted to HK\$5,663,000 for the Half-Yearly Period, compared with other losses (net) of HK\$199,798,000 for the corresponding period in 2017. This was primarily due to fair value change of held-for-trading investments in the Half-year Period.

Selling and distribution expenses

Selling and distribution expenses decreased by 11.6% to HK\$10,456,000 for the Half-Yearly Period, compared with HK\$11,834,000 for the corresponding period in 2017.

Administrative expenses

Administrative expenses increased by 7.5% to HK\$18,645,000 for the Half-Yearly Period, compared with HK\$17,344,000 for the corresponding period in 2017.

Income tax

The Group recorded an income tax credit of HK\$596,000 for the Half-Yearly Period, compared with income tax credit of HK\$36,928,000 for the corresponding period in 2017.

Non-controlling interests

Loss shared by non-controlling interests was HK\$Nil for the Half-Yearly Period, compared with HK\$Nil for the corresponding period in 2017. The Group's equity interest in this company is 90% as at 30 June 2018 (2017: 90%).

Loss for the period attributable to owners of the Company

Loss for the Half-Yearly Period attributable to owners of the Company was HK\$14,726,000, compared with loss of HK\$171,702,000 for the corresponding period in 2017.

Liquidity and financial resources

The Group generally financed its operations with its internally generated cash flows. The Group's total equity was HK\$196,309,000 as at 30 June 2018, compared with HK\$211,988,000 as at 31 December 2017. Total assets amounted to HK\$230,704,000 as at 30 June 2018, compared with HK\$254,861,000 as at 31 December 2017, of which HK\$75,970,000 (2017: HK\$111,901,000) was bank balances and cash and HK\$65,725,000 (2017: HK\$65,437,000) was available-for-sale investments.

Capital structure

The value of share capital was HK\$3,858,000 as at 30 June 2018 and 31 December 2017.

On 22 November 2017 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent agreed to place, on a best efforts basis, to not less than six independent Placees for up to 64,304,184 new Shares at a price of HK\$0.20 per Placing Share.

On 13 December 2017, the conditions of the Placing have been fulfilled and the completion of the Placing took place, where a total of 64,300,000 Placing Shares have been successfully placed by the Placing Agent to not less than six Placees pursuant to the terms and conditions of the Placing Agreement.

For details, please refer to the Company's announcements dated 22 November 2017, 24 November 2017 and 13 December 2017, respectively.

As at 30 June 2018, the Group had utilized approximately HK\$2.38 million for salaries expenses, including directors' emoluments, and other staff costs, approximately HK\$0.66 million for rental expenses for Hong Kong premises and approximately HK\$2.64 million for legal and professional fee and other administrative expenses.

As at 30 June 2018, the Group had unutilized net proceeds of approximately HK\$6.83 million which will be used for general working capital for the year ending 31 December 2018 of which approximately HK\$2.62 million for salaries expenses, including directors' emoluments, and other staff costs, approximately HK\$0.84 million for rental expenses for Hong Kong premises, approximately HK\$2.36 million for legal and professional fee and other administrative expenses and approximately HK\$1.01 million for other possible investment.

Charges on the Group's assets

There was no charge on the Group's assets as at 30 June 2018 and 31 December 2017.

Gearing ratio

The Group has a zero gearing ratio as at 30 June 2018 and 31 December 2017 as calculated by net debts divided by total equity.

Exposure to fluctuation in exchange rates and any related hedges

The majority of the Group's assets and liabilities and business transactions were denominated in Renminbi, Singapore dollars, Hong Kong dollars and United States dollars. During the Half-Yearly Period, the Group had not entered into any hedging arrangements. However the management will continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

Contingent liabilities

The Group had no significant contingent liability as at 30 June 2018 and 31 December 2017.

Material acquisitions, disposals and significant investments

Other than the disposal of certain held-for-trading investments, there were no other material acquisitions, disposals or significant investments during the Half-Yearly Period.

Employee information

As at 30 June 2018, the Group had 74 (2017: 70) full-time employees, of which 12 (2017: 14) were based in Hong Kong, 8 (2017: 2) in China, 53 (2017: 53) in Singapore and 1 (2017: 1) in Malaysia. The Group has introduced share option scheme to recognise the contribution of the employees to the growth of the Group. The scheme has been or will be amended from time to time to take into account changes in market conditions and the GEM Listing Rules.

BUSINESS REVIEW

Travel Media Business

For the Half-Yearly Period, the Travel Media Business recorded revenue of HK\$30.5 million, decreased by 4.1% or HK\$1.3 million as compared with that of HK\$31.8 million for the same period in 2017. This amount represented 72.8% of the Group's total revenue for the Half-Yearly Period.

The Travel Media Business recorded a segment profit of HK\$1.8 million during the Half-Yearly Period.

Overview

The number of international travel arrivals went above expectations, with Asia continuing positive growth in the second quarter of 2018. Overall, international tourist arrivals are expected to reach 1.8 billion by 2030, according to the UN World Tourism Organization's forecast.

The World Travel & Tourism Council reported that the Travel & Tourism sector accounted for 10.4% of global gross domestic product (GDP) and 313 million jobs, or 9.9% of total employment in 2017. The direct contribution of Travel & Tourism to global GDP was \$884 billion in 2017, and is expected to rise by 5.7% to \$934 billion in 2018. The cities with the highest contribution of Travel & Tourism to GDP are in the Asia-Pacific region, with China and Japan contributing half of the total income generated by the Travel & Tourism sector.

TTG Asia Media remains challenged by trends such as digitalisation, innovation and technology advances. In addition, travel trade companies are allocating expenditure in new areas such as experiential marketing, social media and multimedia channels. This indicates a shift in customers' expectations in the travel trade media segment, which TTG Asia Media is situated in.

Performance & Operations

Despite challenging times, TTG has done well in Q2 with overall sales revenue and bottom line for the quarter exceeding expectations. The deferment in capturing revenue for events in Q1 to Q2 boosted additional performance for TTG in the latter quarter, where sales revenue and profit were well ahead compared to the same period a year ago.

The good performance for the quarter has also helped to make up for the shortfall in Q1, resulting in the company meeting its YTD first six months' budget.

Being able to create revenue opportunities was key to achieving the good performance in Q2. Examples include leveraging on endorsements and appointments as media partner of major events as well as capitalising on Special Supplements to generate additional advertising revenue. This has resulted in:

- Better than expected sales from TTG China Travel Awards Print Supplement
- Additional print advertising revenue for TTG Asia Luxury publication.

While the outlook of the inbound and outbound travel in the region indicates growth, TTG is expected to continue facing the same challenges that result from technology advances which have inevitably impacted similar media companies across board. However, we expect to ride out the wave in the 2nd half of the year and meet the budget set for 2018.

Appointments

During the quarter, TTG was appointed official media partner for the following events:

Date of Event	Events
28 to 29 April 2018	HSBC Singapore Rugby 7s
Date of Event	Events
27 to 30 May 2018	ILTM Asia Pacific, Singapore

TTG was also awarded the event contract to manage ASEAN Tourism Forum Travel Exchange (ATF 2019 TRAVEX) by Vietnam National Administration of Tourism.

Date of Event	Events
16 to 18 January 2019	ATF TRAVEX 2019 Ha Long Bay, Viet Nam

Corporate Development

CRM and Email Marketing Tool

In line with the company's plan to streamline its processes with the aid of technology, TTG has implemented the use of an email marketing tool which is directly linked to the centralised database. This database is housed within the Customer Relationship Management (CRM) system that was acquired in early 2018.

Together, the centralise database and marketing tool allow TTG's various business groups to fully utilise company-owned data across various verticals, instead of relying on data collected only at the individual business group level. Potentially, the business groups will be able to increase the number and quality of event attendees, subscribers, sponsors and advertisers.

The new email marketing tool replaces the previous digital mail sending system which was used to transmit routine newsletters and electronic direct marketing mailers (eDM) purchased by advertisers. Being fully integrated with our CRM, the new tool offers expanded functionalities at a lower price point. Its built-in tracking features allow Marketing and Sales teams to track responses to eDMs and webpage views on TTG websites down to the individual level. This information allows Sales teams to focus their efforts more efficiently on potential prospects based on customer behaviour such as downloading advertising rate cards, and visiting event information/registration pages. The more efficient sales process will allow Managers more time and capacity to seek out other new business prospects. The emailing tool also provides campaign measurability and feedback for our Marketers to fine-tune outreach methods and deliver the best response rates for revenue generation efforts.

The email marketing tool also allows multiple automation options based on how recipients respond. These includes automatically sending reminders with higher urgency after a set period, and automatically alerting a Sales Manager if a recipient displays potential buying behaviour, such as the viewing of available advertising options.

The reduction in manual checks and follow-ups in TTG's marketing and sales processes is expected to increase productivity across the major revenue generation arms of TTG. Moving forward, we will continue embracing technology so as to leverage on the synergistic opportunities and capabilities across all TTG business groups to drive profitability.

EU Data Protection Regulation (EUGDPR)

With the recent newly enacted EU General Data Protection Regulation, TTG has reviewed its existing privacy policy to ensure full conformance to the new legislation.

TTG has also appointed one of its Department Heads to be the Company's designated Data Protection Officer. During his appointment, he will oversee all matters regarding data privacy and ensure that the company and its practices comply with or exceed the various legal requirements.

Financial Magazine Business

Revenue from this business was HK\$10.7 million, which accounted for 25.5% of the Group's total revenue for the period under review. Segmental loss of this business during the period under review was HK\$3.0 million, primarily as a result of amortization charges of intangible asset which was non-cash in nature.

Securities Investment

As at 30 June 2018, total market value of the held-for-trading investments of the Group was approximately HK\$9.1 million and recorded a loss on change in fair value of approximately HK\$5.5 million for the Half-Yearly Period.

Money Lending Business

Revenue from this business was HK\$0.7 million, which accounted for 1.7% of the Group's total revenue for the Half-Yearly Period.

Significant Investments

Details of the top two held-for-trading investments, in terms of market value as at 30 June 2018, are as follows:

Company name (Stock code)	Market value as at 30 June 2018 <i>HK\$'000</i>	Proportion to the total assets of the Group <i>%</i>	For the six months ended 30 June 2018	
			Fair value gain (loss) of the investment <i>HK\$'000</i>	Dividend received <i>HK\$'000</i>
Hao Wen Holdings Limited (HK Stock Code: 8019)	3,429	1.49%	(1,815)	–
China Properties Investment Holdings Limited (HK Stock Code: 736)	3,078	1.33%	(475)	–
Others	2,598	1.13%	(1,323)	–
	<u>9,105</u>	<u>3.95%</u>	<u>(3,613)</u>	<u>–</u>

PROSPECTS

Explore Business Opportunities

Our Group will explore suitable business opportunities to broaden the revenue base and to diversify the business scope of the Group.

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

As at 30 June 2018, 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 June 2018, the following company and person (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
Chen Ying Zhen (<i>Note 1</i>)	90,695,125(L)	–	23.51% (L)
QIYI HOLDINGS LIMITED (<i>Note 1</i>)	90,695,125(L)	–	23.51% (L)

L – Long Position

Note:

- (1) Mr. Chen Ying Zhen is a substantial shareholder who held 80% interest, director and the ultimate beneficial owner of QIYI HOLDINGS LIMITED.

Save as disclosed above, as at 30 June 2018, 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 falls to be disclosed to the Company under the provisions of Divisions 2 and 3 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 six months ended 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

During the six months ended 30 June 2018, 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 six months ended 30 June 2018, 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 (the "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 six months ended 30 June 2018.

CORPORATE GOVERNANCE CODE COMPLIANCE

The Company has complied throughout the six months ended 30 June 2018 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 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 of 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.

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 share 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 the 2013 Share Option Scheme as at 30 June 2018.

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 Audit Committee has reviewed the final draft report for the Half-Yearly Period before passing the same for approval by the Board.

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Half-Yearly Period.

On behalf of the Board
Sino Splendid Holdings Limited
Chow Chi Wa
Executive Director

Hong Kong, 8 August 2018

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.