

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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2019

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors of Sino Splendid Holdings Limited (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 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 (the “Directors”) of Sino Splendid Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31 March 2019 (the “Quarterly Period”) with comparative figures for the corresponding period in 2018, are as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | (Unaudited) Three months ended 31 March | |
|---|--------------|--|--------------------------------|
| | <i>Notes</i> | 2019 HK\$'000 | 2018 HK\$'000 |
| Revenue | 3 | 24,923 | 15,451 |
| Cost of sales | | (15,362) | (8,524) |
| Gross profit | | 9,561 | 6,927 |
| Other income, gains and losses | | 7,324 | (3,587) |
| Selling and distribution expenses | | (4,188) | (2,460) |
| Administrative expenses | | (11,539) | (9,782) |
| Profit/(Loss) before tax | | 1,158 | (8,902) |
| Income tax credit | 4 | 179 | 441 |
| Profit/(Loss) for the period | | 1,337 | (8,461) |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translating foreign operation | | 9 | 1,250 |
| Other comprehensive income for the period | | 9 | 1,250 |
| Total comprehensive income/(expenses) for the period | | 1,346 | (7,211) |
| Profit/(Loss) attributable to: | | | |
| Owners of the Company | | 1,337 | (8,461) |
| Non-controlling interests | | – | – |
| | | 1,337 | (8,461) |
| Total comprehensive income/(expenses) attributable to: | | | |
| Owners of the Company | | 1,346 | (7,211) |
| Non-controlling interests | | – | – |
| | | 1,346 | (7,211) |
| Earnings/(Loss) per share | | | |
| Basic (<i>HK cents</i>) | 6 | 0.35 | (2.19) |
| Diluted (<i>HK cents</i>) | | N/A | N/A |

NOTES

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on GEM of the Stock Exchange.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited 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 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 2018 except that the Group has adopted the newly issued and revised HKFRSs, which are effective for the annual period beginning on 1 January 2019, as disclosed in the annual consolidated financial statements for the year ended 31 December 2018.

The adoption of these new and revised HKFRSs did not result in significant changes to the Group's financial performance and financial position.

The Group has not applied any new and revised HKFRSs that are not effective for the Quarterly Period.

3. REVENUE

An analysis of the Group's revenue for the Quarterly Period is as follows:

| | (Unaudited) | |
|-----------------------|---------------------------|-----------------|
| | Three months ended | |
| | 31 March | |
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| Travel Media | 17,729 | 9,967 |
| Financial Magazine | 5,288 | 5,110 |
| Securities Investment | — | — |
| Money Lending | 1,906 | 374 |
| | <u>24,923</u> | <u>15,451</u> |

4. INCOME TAX CREDIT

| | (Unaudited) | |
|-------------------------|---------------------------|-----------------|
| | Three months ended | |
| | 31 March | |
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| Current tax – Hong Kong | – | (231) |
| Current tax – Overseas | (89) | – |
| Deferred tax | 268 | 672 |
| | 179 | 441 |

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits for the Quarterly Period.

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

5. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Quarterly Period (2018: Nil).

6. EARNINGS/(LOSS) PER SHARE

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

| | (Unaudited) | |
|---|---------------------------|-----------------|
| | Three months ended | |
| | 31 March | |
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| Earnings/(Loss) | | |
| Earnings/(Loss) for the purpose of computation of basic earnings/(loss) per share | 1,337 | (8,461) |

| | (Unaudited) | |
|--|---------------------------|----------------|
| | Three months ended | |
| | 31 March | |
| | 2019 | 2018 |
| | '000 | '000 |
| Number of shares | | |
| Weighted average number of ordinary shares in issue for the purpose of basic earnings/(loss) per share (<i>Note</i>) | 385,821 | 385,821 |

Note:

No diluted earnings/(loss) per share has been presented because there was no potential dilutive ordinary share in issue for the three months ended 31 March 2019 and 2018.

7. MOVEMENT OF RESERVES

| | Share premium <i>HK\$'000</i> <i>(note a)</i> | Capital reserve <i>HK\$'000</i> <i>(note a)</i> | Goodwill reserve <i>HK\$'000</i> | Capital redemption reserve <i>HK\$'000</i> | Reserve funds <i>HK\$'000</i> <i>(note b)</i> | Translation reserve <i>HK\$'000</i> | Retained profits <i>HK\$'000</i> | Subtotal <i>HK\$'000</i> | Non- controlling interests <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--|--|--|--|---|--|---|--|-----------------------------|---|--------------------------|
| At 31 December 2017 and 1 January 2018 (audited) | 72,982 | 755 | (31,193) | 11,690 | 19,025 | 48,004 | 84,838 | 206,101 | 2,029 | 208,130 |
| Loss for the period | – | – | – | – | – | – | (8,461) | (8,461) | – | (8,461) |
| Other comprehensive income for the period | – | – | – | – | – | 1,250 | – | 1,250 | – | 1,250 |
| Total comprehensive income/ (expenses) for the period | – | – | – | – | – | 1,250 | (8,461) | (7,211) | – | (7,211) |
| At 31 March 2018 (unaudited) | 72,982 | 755 | (31,193) | 11,690 | 19,025 | 49,254 | 76,377 | 198,890 | 2,029 | 200,919 |
| At 31 December 2018 and 1 January 2019 (audited) | 72,982 | 755 | (31,193) | 11,690 | 19,025 | 47,418 | 51,243 | 171,920 | 2,029 | 173,949 |
| Profit for the period | – | – | – | – | – | – | 1,337 | 1,337 | – | 1,337 |
| Other comprehensive income for the period | – | – | – | – | – | 9 | – | 9 | – | 9 |
| Total comprehensive income for the period | – | – | – | – | – | 9 | 1,337 | 1,346 | – | 1,346 |
| At 31 March 2019 (unaudited) | 72,982 | 755 | (31,193) | 11,690 | 19,025 | 47,427 | 52,580 | 173,266 | 2,029 | 175,295 |

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 distribution or dividend to shareholders of the Company 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 ordinary course of business.

Note b: Pursuant to the relevant laws and regulations for foreign investment enterprises (the “FIEs”) established in 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 (the “PRC GAAP”) and shall not less than 10% of the profit after taxation. No such transfer was made in either period as there was no such profit after taxation from the FIEs.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The Group's total revenue increased by HK\$9.4 million or 60.6%, from HK\$15.5 million for the three months ended 31 March 2018 to HK\$24.9 million for the three months ended 31 March 2019. Such increase was mainly attributable to the increase of revenue generated from the Travel Media Business.

Gross profit of the Group was HK\$9.6 million, representing an increase of HK\$2.7 million or 39.1% as compared with HK\$6.9 million for the same period in 2018.

Other income, gains and losses increased from a loss of HK\$3.6 million for the three months ended 31 March 2018 to a gain of HK\$7.3 million for the three months ended 31 March 2019. The significant increase was mainly attributable to investment income from available-for-sale investments received during the Quarterly Period.

The selling and distribution costs increased by HK\$1.7 million to HK\$4.2 million for the three months ended 31 March 2019 (three months ended 31 March 2018: HK\$2.5 million), representing an increase of 68.0%. The administrative expenses increased by HK\$1.7 million to HK\$11.5 million (three months ended 31 March 2018: HK\$9.8 million), representing an increase of 17.3% over the corresponding period in 2018.

As a result, the profit attributable to owners of the Company was HK\$1.3 million, which shows an increase of HK\$9.8 million as compared with a loss attributable to owners of the Company of HK\$8.5 million for the same period in 2018.

Business review

Travel Media Business

For the three months ended 31 March 2019, the Travel Media Business recorded revenue of HK\$17.7 million, increased by 77.0% or HK\$7.7 million as compared with that of HK\$10.0 million for the same period in 2018. This amount represented 71.1% of the Group's total revenue for the period under review.

The Travel Media Business recorded a gross profit of HK\$6.4 million and gross profit margin of 36.2%. Segment profit of this business during the three months ended 31 March 2019 amounted to HK\$0.4 million.

Overview

International tourist arrivals grew 6% in 2018, totaling 1.4 billion, 2 years ahead of forecast by the UN World Tourism Organisation. Asia and the Pacific recorded a year-on-year increase of 6% at 343 million international tourist arrivals in 2018. The global travel & tourism sector also grew 3.9% to contribute a record \$8.8 trillion and 319 million jobs to the world economy in 2018, according to the World Travel & Tourism Council.

Despite the positive growth in global tourism, TTG Asia Media's business in the travel media sector continues to face many challenges in terms of revenue growth as a result of the proliferation of media options and media channels available. While TTG has established digital solutions for advertisers, TTG's traditional print media is under a lot of pressure, changing TTG's source of revenue significantly.

Performance & Operations

TTG has done reasonably well for the quarter. Compared to the same period a year ago, sales revenues and bottom line results were up significantly. These increases were made possible by the ATF event management project which we did not have the previous year. However, top and bottom line still fell slightly below expectations for the quarter. The main causes for the shortfall are:

- (1) Lower than expected take up of booths by exhibitors for ATF Event due to exhibitors' poor experience with previous ATFs managed by other event organisers.
- (2) Higher than budgeted cost for ATF which TTG has to absorb to make the trade show a success.
- (3) Slower ROP sales revenue from publishing and from special projects compared to the same period a year ago.

Travel Trade Publishing completed 3 successful special projects in Q1 2019:

- (1) 4 issues of the ATF 2019 show dailies in Ha Long Bay, Vietnam (Jan 2019)
- (2) 3 issues of ITB Berlin 2019 show dailies (Mar 2019)
- (3) 3 issues of IT&CM China 2019 show dailies (Mar 2019)

Events Division completed three successful events in Q1 2019:

- (1) ATF 2019 Jan 2019
- (2) IT&CM China in Shanghai, China March 2019
- (3) CTW China, Shanghai, China March 2019

Appointments

During the quarter, TTG was appointed official business and/or media partner with a number of key travel trade events at global, regional, and domestic levels. These include Arabian Travel Mart 2019 (ATM), Travel Trade Maldives 2019 (TTM), Hotel Investment Conference Asia Pacific 2019 (HICAP) and HICAP Update 2019, ITB China 2019, Mumbrella Asia Travel Marketing Summit 2019, and IMEX Frankfurt 2019.

The Group has also secured the following media partnerships – International Luxury Travel Mart Asia Pacific 2019 and 2020 (ILTM AP) as the exclusive Travel Media Partner and co-branded Supplement Publisher; and Further East 2019 (FE) as the exclusive media partner with exclusive distribution of the TTG Asia Luxury title at the event.

Corporate Development

TTG Asia is preparing for its 45th anniversary in 2019. The Group has commissioned a 45th Anniversary bumper issue of TTG Asia with special advertising projects such as purchase-with-purchase deals and advertorial write-ups. Extended circulation of this bumper issue will run from May till the end of 2019, which is expected to attract more advertisers. The bumper issue launch date is held simultaneously with the Travel Awards voting period and is expected to benefit from the peak advertising season.

Financial Magazine Business

Revenue from this business was HK\$5.3 million, which accounted for 21.3% of the Group's total revenue for the period under review. Segmental loss of this business during the period under review was HK\$3.5 million, primarily as a result of amortisation charges of intangible asset of HK\$1.6 million which was non-cash in nature.

Securities Investment

As at 31 March 2019, total market value for the held-for-trading investments of the Group was approximately HK\$8.1 million and recorded a fair value gain of approximately HK\$1.1 million.

Money Lending Business

Revenue from this business was HK\$1.9 million, which accounted for 7.6% of the Group's total revenue for the Quarterly Period.

SIGNIFICANT INVESTMENTS

Details of the top two held-for-trading investments, in terms of market value as at 31 March 2019, are as follows:

| | Market value as at 31 March 2019 <i>HK\$'000</i> | Proportion to the total assets of the Group % | For the three months ended 31 March 2019 | |
|---|--|---|---|---|
| | | | Fair value gain/(loss) of the investment <i>HK\$'000</i> | Dividend received <i>HK\$'000</i> |
| Company name (Stock code) | | | | |
| China Properties Investment Holdings Limited (736) | 3,078 | 1.33% | 815 | – |
| Hao Wen Holdings Limited (8019) | 2,672 | 1.16% | 151 | – |
| Others | 2,337 | 1.02% | 102 | – |
| | <u>8,087</u> | <u>3.51%</u> | <u>1,068</u> | <u>–</u> |

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31 March 2019, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors of the Company as set out in rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2019, those persons (other than Directors and chief executive of the Company) who had interests and short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long position in ordinary shares of the Company

| Name | Number of shares | Number of underlying shares | Percentage of issued share capital |
|---|------------------|-----------------------------|------------------------------------|
| Chen Ying Zhen (<i>Note 1</i>) | 90,695,125 | – | 23.51% |
| QIYI HOLDINGS LIMITED (<i>Note 1</i>) | 90,695,125 | – | 23.51% |

Note 1: Mr. Chen Ying Zhen is a substantial shareholder who held 80% interest in and a director of QIYI HOLDINGS LIMITED.

Save as disclosed above, as at 31 March 2019, no person (other than Directors and chief executive of the Company) had notified to the Company any interests or short positions in shares or underlying shares of the Company which was 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 three months ended 31 March 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

During the three months ended 31 March 2019, the Board is not aware of any business or interest of each Director and the respective close associates (as defined under the GEM Listing Rules) of each that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

INTERESTS OF COMPLIANCE ADVISER

Pursuant to the directions of the GEM Listing Committee of the Stock Exchange, the Company has appointed Grand Moore Capital Limited as the independent compliance adviser (the “Compliance Adviser”) on an on-going basis for consultation on compliance with the GEM Listing Rules for a period of two years with effect from 30 November 2018. As at 31 March 2019, as notified by the Compliance Adviser, save for the compliance adviser’s agreement entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The audit committee has reviewed the accounting principles and practices adopted by the Group and the unaudited consolidated financial statements for the three months ended 31 March 2019.

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

Hong Kong, 8 May 2019

As at the date hereof, the Board comprises Mr. Chow Chi Wa, Mr. Wang Tao and Mr. Yang Xingan as executive Directors; Ms. Yang Shuyan, Ms. Wang Qingling and Ms. Lee Yim Wah as independent non-executive Directors.

This 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.