新維國際
SINO VISION WORLDWIDE

Sino Vision Worldwide Holdings Limited
新 維 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 8086)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

Reference is made to the annual report (the "**Annual Report**") of Sino Vision Worldwide Holdings Limited (the "**Company**", together with its subsidiaries as the "**Group**") for the year ended 30 June 2022 (the "**Year**") published on 2 October 2022. Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as those defined in the Annual Report.

The Board wishes to provide additional information in relation to the money lending business of the Group (the "**Money Lending Business**") and the impairment loss on the loan receivable recognised by the Company for the Year.

MONEY LENDING BUSINESS

The Money Lending Business was carried out by an indirectly wholly owned subsidiary (the "**Subsidiary**") of the Company under money lenders license granted by the licensing court in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

The Subsidiary focuses on potential corporate or personal borrowers including well-established business and wealthy and reputable individuals ranged from executives, businessmen and professionals. The potential borrower(s) are generally induced through (i) the management team of the Group; (ii) direct approaches from potential borrowers; and (iii) referral from existing borrower(s). The Group adopts a prudent approach to carry out the Money Lending Business with sourcing of its funds from internally generated cash resources.

Before granting loans to potential borrower(s), the Group uses an internal credit assessment process to assess the potential borrower's credit quality and defines credit limits granted to borrowers. Limits attributed to borrowers are reviewed by the management regularly.

(a) Company's money lending business and credit risk assessment policy

The Group had established its money lending policies/manuals of the Group, including the procedures in relation to the implementation of anti-money laundering and counter-terrorist financing system and credit assessment procedure to regulate the operation of the Money Lending Business to ensure a comprehensive risk management to safeguard the Group's and, most importantly, the Shareholders' interest.

As the Money Lending Business is dedicated to providing short-term loans to individual and corporations, credit risk is the principal risk inherent to this business. Credit risk arises from a borrower's inability or unwillingness to repay its financial obligations owed to the Group in a timely manner. The Group has adopted an assessment and approval process in order to effectively identify, manage and minimize the credit risk in connection with each loan it grants.

(b) Major terms of loans granted (including details of the collaterals), size and diversity of clients and concentration of loans on major clients

To diversify the clients and lower the concentration of loans portfolio, our borrowers included individuals and companies. As at 30 June 2022, the Group has 21 borrowers, of which 5 corporate borrowers and 16 individual borrowers.

As at 30 June 2022, the Group has 29 loans with principal amounts ranged from HK$156,000 to HK$4 million with interest rate ranged from 8% to 12%. The loans portfolio fell with the following bands:

Loan size of Principal	**Number of loans fall into the band**
HK$0 – HK$1 million	15
HK$1 million – HK$2 million	7
HK$2 million – HK$3 million	6
HK$3 million – HK$4 million	1
	29

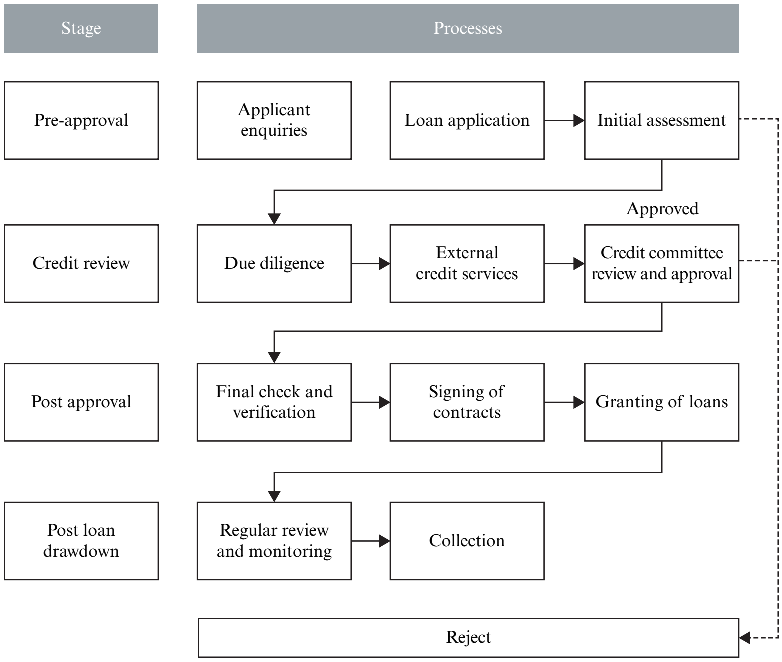
All 29 loans are unsecured and unguaranteed. As at 30 June 2022, the top five borrowers constituted 31.8% of the total principal amount plus interests of the Group's loan portfolio.

(c) Reasons for loan impairments (and write-offs)

The Group determines specific provision for doubtful debts on a case-by-case basis when all appropriate actions have been considered and taken to collect the debts. The Directors is responsible for estimating and approving the provision for the impairment of accounts receivables annually. The Group would engage independent valuer to estimate the expected credit loss ("**ECL**") under Hong Kong Financial Reporting Standard 9 on an annual basis. The calculation and the valuation report would be subsequently reviewed and approved by the Directors, before the ECL amount is recorded.

(d) Internal controls measures

The Money Lending Business process involves the acceptance of loan applications, conducting due diligence, assessments and approvals, the granting of loans, and post-loan grant reviews and collection. The detailed workflow is set out as follows:



Stage 1: Pre-approval **–** to apply for a loan, the customer is required to disclose in the loan application a list of information including the size, term and use of the loan, whether the loan will be guaranteed or secured, and capability of repayment and provide various types of documentation regarding the application. Upon receiving the loan application materials, the Group's credit review team will consider whether to accept a customer's application based on an initial assessment of the customer's background and purpose of the request.

Stage 2: Credit review – if the customer has not been rejected in the initial assessment process, the Group will commence the credit review process which involves investigations, on-site visits, interviews, etc. The Group's credit review team will prepare a due diligence report on the creditworthiness of the customer and analysis on such customer's repayment capability and the proposed credit amount for the approval of credit committee. The Group will evaluate the "creditworthiness information" obtained during the due diligence process, to help assess the creditworthiness of its customers and verify the materials provided by them. Such "creditworthiness information" includes the customer's or its controlling person's reputation, expertise, experience and credit histories from the customers' upstream and downstream counterparties and other third parties who have personal or business relationships with the customer.

Stage 3: Post approval – when the applicant is invited to the Group's office for the signing of contracts, credit review team will verify that documentary evidence is original and/or acceptable and complete a loan application checklist to ensure that all mandatory documents have been obtained in accordance with the Group's internal policies. Once all the legal documents are signed, the applicant will receive a cheque for the loan amount by the Company or its solicitors. The Group never draws loans in cash, and it typically receive loan repayments from its customers through bank instructions such as autopay or receipt of cheques.

Stage 4: Post loan drawdown – credit review team continues to monitor the borrower's ability to repay the Group's loans after the drawdown of the loans. The credit review team is responsible for reviewing the borrower's actual use of funds (if any) after the drawdown of the loans, conducting follow-up on-site visits or telephone interviews with the Group's customers, and submitting reports by reviewing and evaluating the customers' financial condition, market development of the industries, and the source of repayment to ascertain whether the customers are expected to have any difficulty in making timely repayments.

Based on the above procedures, the Company considers that the credit risk and the risk of breaching the relevant laws and regulations in connection with anti-money laundering or antiterrorist financing are relatively low. Nonetheless, the Company has in place all necessary measures to mitigate the risk of money laundering or terrorist financing risk of potential borrowers' businesses, such as the nature and details of the business/occupation/employment of the potential borrower; the anticipated level and nature of the activity; location of potential borrower; the expected source and origin of the funds; and the initial and ongoing source(s) of wealth or income.

All loans being granted should be approved, on a case-by-case basis including a set of standardised know-your-customer procedures and due diligence process. During the process, the management team of the Subsidiary (the "**Management Team**") should obtain and verify the income proof/cash flow proof of the applicant, and if securities/collateral involved, the asset proof.

After credit assessment and review of the loan applications, with the loan terms determined (having taken into consideration factors such as the credit risks of the borrowers, their recoverability, and the prevalent market interest rates), loan documents will be prepared by the Management Team and the loans will be recommended for the review of the director(s) of the Subsidiary prior to reporting to the Board or approval (as the case may be). The director(s) of the Subsidiary will be responsible for the approval of loans in relatively smaller amount and reporting the same to the Board.

The Management Team would report the potential loan(s) to the Company and the Board for the consideration by its members, if it is of larger amount (i.e. by assessment of size tests under chapter 19 of the GEM Listing Rules, may constitute a discloseable transaction or above), in which case, such potential loan(s) shall be reported by the Subsidiary's director(s) who will elaborate to the Board such potential loan(s) in contemplation and the recommendations therewith for discussion and approval, the Directors (including the independent non-executive Directors) shall then consider whether such loans are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. Moreover, for any potential loan(s) which may involve connected person(s) as defined under chapter 20 of the GEM Listing Rules, such loan(s) will be reported to the Board immediately for assessment with respect to size tests and assessment by the Board as elaborated above.

GENERAL

The information contained in this supplemental announcement 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 Vision Worldwide Holdings Limited
Bai Long
Chairman and executive Director

Hong Kong, 23 November 2022

As at the date of this announcement, the executive Directors are Mr. Bai Long, Mr. Huang Qing, Mr. Lai Kin Kong Nelson, Ms. Han Limei, Ms. Han Xiumei and Mr. Wang Shuhang, and the independent non-executive Directors are Mr. Chiam Tat Yiu, Ms. Xu Yilei, Ms. Dong Qiuhong and Mr. Lu Qi.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange website at www.hkexnews.hk for at least 7 days from the date of its publication and on the website of the Company at http://www.sinovisionworldwide.com.