

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.



CT Vision (International) Holdings Limited

中天宏信(國際)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 994)

**SUPPLEMENTAL ANNOUNCEMENT
TO THE 2019 ANNUAL REPORT**

References are made to the announcement of unaudited annual results of CT Vision (International) Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2019 (the “**Unaudited Results Announcement**”) and the annual report (the “**Annual Report**”) of the Company for the year ended 31 December 2019 published on 17 July 2020. Unless otherwise stated herein, the capitalised terms used herein shall have the same meanings as that ascribed to them in the Unaudited Results Announcement and the Annual Report.

Further to the information disclosed in the Annual Report, the board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide to the Shareholders and potential investors of the Company with the following supplementary information.

ADDITIONAL IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL FOR CUSTOMER A

In mid-February 2020, the holding company of Customer A (the “**Holding Company**”) tried to raise capital through the sale of its shares and a subscription agreement was entered into between the Holding Company and the potential investor (the “**Subscription**”). As Customer A was optimistic with the completion of the Subscription, Customer A, in early March 2020, informed the Company that it planned to resume the Project in the second half of 2020 and entered into the Amendment with the Company for the settlement arrangement of overdue trade receivables. Customer A had informed the Company that the Project was expected to be completed in 18 months upon the recommencement of construction work, which depends on the resumption of visa approval process by the local authorities.

As at 31 December 2019 and up to the execution date of the Amendment, the trade receivables due from Customer A were HK\$169,598,000. Majority of the original amount was certified by Customer A on 13 March 2019, which has been overdue for over 260 days as at 31 December 2019. According to the Amendment, the overdue trade receivables will be settled in stages by 31 March 2021.

Before the publication of the Unaudited Results Announcement, the Board had assessed the expected credit losses (“ECL”) of the trade receivables due from Customer A after taking into account of (i) the length of outstanding trade receivables; (ii) the settlement arrangement under the Amendment agreed by the Company and Customer A; (iii) the settlement of outstanding trade receivables made by Customer A after the signing of the Amendment; (iv) the internal credit rating of Customer A; (v) long term business relationship with Customer A; and (vi) the financial position of Customer A and its potential equity financing.

In light of the above, the Board had applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Board determined the default rate as 3% based on the average of credit rating Ba3 and B1. Accordingly, expected ECL allowance of HK\$4,899,000 which was equivalent to 3% of the overdue trade receivables as at 31 December 2019, was provided as at 31 March 2020, which is the publication date of the Unaudited Results Announcement.

Unfortunately, with the recent development of COVID-19 overseas, certain countries or territories have imposed different levels of travel restrictions and border control in order to contain the spread of the epidemic, the potential investor required additional time to perform due diligence review on Customer A including but not limited to the details of the Project and thus it was uncertain as to whether or when the Subscription can be completed. In April 2020, the epidemic situation deteriorated drastically and globally. As such, it was uncertain as to whether Customer A is able to resume and continue the Project as scheduled. If the Project cannot be resumed, the completion of the Project will be further delayed.

After discussing with Customer A to understand its financial position and assessing its ability to repay the amounts outstanding through estimated funding from its potential investor, the Board reasonably believed that the likelihood of recovering the outstanding trade receivables is remote under the current situation of COVID-19.

However, having considered the fact that the trade receivables were past due, and Customer A may be unable to obtain equity financing nor other financing to resume and complete the Project and repay the overdue trade receivables on schedule, the Board therefore decided to adopt a more prudent approach and reassess the repayment ability of Customer A. After discussion with Auditors, the Board agreed that it may be remote that the Project could be completed in foreseeable future and the trade receivables from Customer A are credit impaired.

In light of the above, the balances related to Customer A, including trade receivables and contract assets of HK\$18,299,000, were fully written off after taking into account of the expected settlement of HK\$103,952,000 to be received from Customer A. Accordingly, additional impairment losses under expected credit loss model for Customer A of HK\$79,047,000 was recognised as compared to the Unaudited Results Announcement made on 31 March 2020.

Having considered the recent global economic downturn brought by COVID-19 and the reassessment of the repayment ability of Customer A, the Directors consider the additional impairment made on trade receivables and contract assets of Customer A was fair and reasonable, which gives a true and fair view of the Company's assets. In the event that Customer A is not able to follow the agreed repayment schedule, the Company shall discuss with lawyer for further actions to be taken against Customer A.

By order of the Board
CT Vision (International) Holdings Limited
Ho Chun Kit Gregory
Chief executive officer and executive Director

Hong Kong, 17 September 2020

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Wu Rui, Dr. Ho Chun Kit Gregory, Mr. Lee Kai Lun and Mr. Guo Jianfeng, two non-executive Directors, namely Ms. Du Yi and Ms. Yip Man Shan and three independent non-executive Directors, namely Ms. Ng Yi Kum, Estella, Mr. Wong Wing Cheong Philip and Dr. Tang Dajie.