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恆泰裕集團控股有限公司
HANG TAI YUE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8081)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION
TO THE ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Reference is made to the annual report of Hang Tai Yue Group Holdings Limited (“**Company**”, together with its subsidiaries, “**Group**”) for the year ended 31 December 2021 which was published on 26 April 2022 (“**Annual Report**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Report.

SUPPLEMENTAL INFORMATION IN RELATION TO THE ANNUAL REPORT

The Board wishes to provide additional information on the money lending business of the Group.

Composition of the credit committee

Operation of the money lending business of the Group is overseen by the credit committee of the Group. As at the date of this announcement, the credit committee consists of Ms. Lam Ching Yee and Mr. Fong Chak Kiu, both of whom are executive Directors. Please refer to section headed “Directors Profile” of the Annual Report for their biographies.

Credit assessment process

Prior to grant of a loan to a borrower, the Group carries out credit assessment process on the potential borrower. The credit assessment process comprises three components:

(a) Documents requirement

Verification of identity, income and asset, and address proofs. All the above required documents are required to be up-to-date which generally are issued within three months from the date of application.

(b) General requirement

For unsecured loan, the maximum loan tenor shall be 18 months, extension of which will be subject to a new credit assessment to be conducted by the credit committee.

For secured loan, the maximum loan amount shall be 80% of the value of collateral with maximum loan tenor of 20 years, whereas secured loan refers to loan which is fully secured by real properties, listed shares, vehicles and/or any assets which is marketable with solid value, subject to credit assessment, as collaterals.

In addition, for individual customer, the potential customer should be 21 years old or above.

(c) Credit requirement

For unsecured loan, the following criteria are considered during the credit assessment:

- financial background of the borrower;
- income level, assets owned and repayment ability;
- other financial information and background of corporation (if applicable);
- internal and external credit checking results; and
- any personal/corporate guarantee provided.

For unsecured personal loan, the affordability assessment of the borrower's ability to make repayments should be performed in accordance with the 15 licensing conditions for money lenders licence as required by the Companies Registry. The following factors are considered (where applicable) during the credit assessment:

- the total amount of the principal and interest payable;
- the duration of the loan;
- the frequency and amounts of the repayments;
- the interest rate;
- the employment or business of the borrower; and
- current credit and financial information of the borrower.

Reasonable steps would be taken to determine the amount, or make a reasonable estimate, of the current income and expenditure of the borrower. Under certain circumstances, the borrower's assets such as savings would also be considered.

Sufficient information would be obtained for the aforesaid affordability assessment. For monitoring purpose, relevant records of such assessment are properly maintained.

For secured loan, the following criteria are considered during the credit assessment:

- valuation of the to-be-pledged collateral;
- land search record (if applicable);
- acceptable and marketable title to the to-be-pledged collateral;
- marketability and liquidity of the to-be-pledged collateral;
- legitimacy of the to-be-pledged collateral;
- the financial background of the borrower;
- the personal background or background of the corporation;

- internal and external credit checking results; and
- legal advice (if necessary).

Determination of major terms of loans

Terms of the loans (such as amount, interest rate and duration) will be determined based on the prevailing interest rates offered by the banks and money lenders in the market, the background of the borrower (in particular, his income and assets, credit history, etc.), the relationship with the borrower, payment record (for repeated borrowers), the duration and amount of the loan and the security provided (if applicable).

In general, repeated borrowers with good payment records and sound financial background would have potentially lower default rate, and would be granted loans with interest rates at the relatively lower end of the range of the prevailing interest rates offered by the money lenders in the market at the time of the grant or renewals.

Monitoring of loan recoverability

The designated officer of the Group monitors the repayment of principals and interests of the loans according to the terms of the loan agreements. The Group generally does not continuously monitor the financial position of the borrowers after the grant of the loans, except there is default or potential default of the loan. In case of irregularities in repayment or overdue, the designated officer of the Group would follow up and negotiate with the borrowers for the repayment, and promptly report to the credit committee.

Customers

Customers for the money lending business of the Group are business partners or potential business partners of the Group or persons introduced by the business partners, management or staff of the Group. Nevertheless, the management or staff of the Group are not allowed to engage in approving or processing credit transactions or extending credit involving a customer who is his immediate family member.

Other than an age restriction for individual customers (i.e. the potential customer should be 21 years old or above), there are no specific benchmark for target/potential customers of the Group. Notwithstanding the above, potential customers and their loan applications will be assessed on a case-by-case basis during the credit assessment process as detailed above.

Loan portfolio as at 31 December 2021

The table below set out the details of the loans which were outstanding as at 31 December 2021 (the “Loans”):

	Principal amount of loan (HK\$)	Date of grant	Tenure of the loan	Interest rate per annum and repayment schedule	Outstanding balance as at 31 December 2021 (HK\$)	Settlement status as at the date of this announcement
Loan 1	10,000,000	5 October 2020	1 year	7%; Quarterly	3,612,209	i
Loan 2	12,000,000	5 October 2021	1 year	7%; Quarterly	12,202,521	ii
Loan 3	12,000,000	5 October 2021	1 year	7%; Quarterly	12,202,521	iii
Loan 4	4,500,000	7 July 2021	1 year	11%; Quarterly	4,627,757	iv
Loan 5	17,000,000	17 March 2021	1 year	12%; Quarterly	17,563,096	v

Notes:

- (i) The maturity date of Loan 1 was subsequently extended to 20 January 2023 pursuant to the supplemental agreement entered into between the Group and the borrower. Loan 1 has been fully repaid.
- (ii) As at the date of this announcement, the outstanding principal of Loan 2 is HK\$2 million and the maturity date of Loan 2 was subsequently extended to 17 April 2023 pursuant to the supplemental agreement entered into between the Group and the borrower.
- (iii) Loan 3 has been fully repaid.
- (iv) Loan 4 has been fully repaid.
- (v) Loan 5 has been fully repaid.

The amount of loan loss allowance made in 2021 was assessed by an independent valuer prepared in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, specifically Hong Kong Financial Reporting Standards 9 Financial Instruments. The amount of loss allowance was determined by multiplying the sum of the Loans and the corresponding interest receivable balance by the relevant credit loss rate. The credit loss rates of the Loans were determined with an assumption that the market trends and conditions where the Company operates will not deviate significantly from economic forecasts in general and the probabilities of defaults were extracted from public sources by the valuer.

The Loans were generally funded by the internal resources of the Group (including the repayment of the loans granted) and not by then outstanding borrowings of the Group as at 31 December 2021 as disclosed in the Annual Report, which were obtained for funding the acquisition of fixed assets for the hospitality and related services in Australia and investment of the Group.

All of the borrowers of the Loans are independent of the Company and its connected persons (as defined in Chapter 20 of the GEM Listing Rules), have no past business or deals with the Company other than being repeated borrowers (as the case may be) and were not introduced by the senior management of the Company.

The Company has complied with requirements set out in Chapter 19 and/or 20 of the GEM Listing Rules when it granted the Loans to the borrowers. There was no agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) between the Company and any of its connected persons (as defined in Chapter 20 of the GEM Listing Rules) with respect to the grant of the Loans to the borrowers.

By order of the Board
Hang Tai Yue Group Holdings Limited
Lam Ching Yee
Chief Executive Officer and Executive Director

26 October 2022

As at the date of this announcement, the Board comprises (i) one non-executive Director, namely Mr. Ng Ting Ho; (ii) two executive Directors, namely Ms. Lam Ching Yee and Mr. Fong Chak Kiu; and (iii) three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Chan Ming Kit and Mr. Tong Hin Sum Paul.

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 website of the Stock Exchange at <http://www.hkexnews.hk> for a minimum period of seven days from the date of publication and on the website of the Company at <http://www.hangtaiyue.com>.