

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.



國農金融投資有限公司
China Demeter Financial Investments Limited

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

(Stock Code: 8120)

SUPPLEMENTAL INFORMATION IN RELATION TO ANNUAL REPORT 2021

Reference is made to the annual report of China Demeter Financial Investments Limited (“**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2021 (“**2021 Annual Report**”) published on 29 March 2022. Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the 2021 Annual Report.

In addition to the information disclosed in the 2021 Annual Report, the Company wishes to provide the Shareholders and the public with additional information in relation to the 2021 Annual Report as follows.

MONEY LENDING BUSINESS

As disclosed in page 14 of the 2021 Annual Report, the Group’s money lending business does not generally target the general public. In order to differentiate itself from other licensed money lenders in the market, the Group would lend personal loans to well-heeled and reputable customers, and their occupations vary from executives, businessmen to professionals. In regards to business loans, the Group targets well-established companies with business operations in Hong Kong and/or the PRC.

The customers of the money lending business were approached by the Group through different channels which include, without limitation, referrals from existing customers, business partners of the Group, and also from the directors and/or employees of the Group. For the loans provided by the Group’s money lending business which were outstanding as at 31 December 2021 which were through referrals from business partners of the Group, such business partners include a director and minority shareholder of a non-wholly owned subsidiary of the Group engaged in the provision of children education services business, and a director of a company engaged in financial advisory services of which the Group had engaged on a previous occasion.

As disclosed in page 13 of the 2021 Annual Report, as at 31 December 2021, the aggregate principal amount of the loans and interest receivable in this segment was approximately HK\$15.7 million, the personal loans represented 100% of the value of the Group's total active and outstanding loan portfolio. Further, as disclosed in the 2021 Annual Report, as at 31 December 2021, 100% of the outstanding loan balance were repayable within one year, and the effective interest rate of the active and outstanding loans in the loan portfolio of the Group's money lending business ranged from approximately 9% to 18% per annum.

Details of such loans and interest receivables as at 31 December 2021 are as follows:

Customer	Loan principal amount (HK\$'000)	Interest rate per annum	Maturity date	Security provided	Total outstanding amount of principal and interest receivables as at 31 December 2021 (HK\$'000)
Customer A	1,800	14.0%	10 September 2021	Nil	982
Customer B	750	16.0%	5 December 2022	Personal guarantee by an individual	409
Customer C	3,000	18.0%	18 August 2022	Nil	3,024
Customer D	3,500	18.0%	3 November 2022	Nil	3,602
Customer E	2,000	13.0%	8 November 2022	Nil	2,017
Customer F	3,000	15.0%	23 December 2022	Nil	3,011
Customer G	1,800	9.0%	9 November 2022	Pledge of a car parking space	1,810
Customer H	786	9.0%	10 April 2022	Nil	<u>808</u>
				Total	<u>15,663</u>

As at 31 December 2021, each of the above customers is an independent third party, other than Customer H who is a former executive Director. As disclosed in page 12 of the 2021 Annual Report, the loan to Customer H constituted a fully-exempt connected transaction under Chapter 14A of the Listing Rules and please refer to note 41(a) and note 41(b) to the consolidated financial statements in the 2021 Annual Report for further details.

The Group has complied with requirements, to the extent applicable, set out in Chapter 14 and (where applicable) 14A of the Listing Rules when it granted the loans to each of the customers under the Group's money lending business segment, whose loans was still outstanding as at 31 December 2021.

Other than the loan to Customer H as mentioned above, the Company did not have any agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with a connected person with respect to the grant of loans under Group's money lending business segment, whose loans was still outstanding as at 31 December 2021.

Subsequent events

For the loans granted to each of Customer A, Customer C and Customer H in the table above, further information are set out as follows

- (1) Loan to Customer A – subsequent to 31 December 2021, such loan has not been renewed and has matured and not been repaid in full as at the date of this announcement. As at the date of this announcement, the Group has received repayment of principal of approximately HK\$664,000, and payment of interest and default interest of approximately HK\$396,000. The Group has initiated its debt recovery procedures to recover the late payment/default in payment of the customer and (a) demand letters have been sent by the Group; and (b) the Group has engaged a law firm on the matter and demand letters have been sent by the law firm. The Group will consider further legal action against the customer depending on the actual circumstances. The Group recorded an impairment loss on loans and interest receivables of approximately HK\$0.4 million for such loan in 2021 and please refer to the section headed “Management Discussion and Analysis – Money Lending Business – Impairment loss on loans and interest receivables” in the 2021 Annual Report for further details.
- (2) Loan to Customer C – subsequent to 31 December 2021, such loan has not been renewed and has matured and not been repaid in full as at the date of this announcement. As at the date of this announcement, the Group has received repayment of principal of approximately HK\$374,000, and payment of interest and default interest of approximately HK\$446,000. The Group has initiated its debt recovery procedures to recover the late payment/default in payment of the customer and (a) demand letters have been sent by the Group; (b) the Group has engaged a law firm on the matter and demand letters have been sent by the law firm; and (c) taking into account the then-recent circumstances in relation to the customer's financial situation as noted by the Group, the Group has initiated legal action against the customer in which the statement of claim, writ of summons and amended writ of summons were filed.
- (3) Loan to Customer H – subsequent to 31 December 2021, such loan has been repaid in full.

Internal control and loan approval process

As disclosed in page 19 of the 2021 Annual Report, the Group has established standardised and central management credit policy for the loan approval procedures. The Board has set up the Credit Committee and adopted a credit policy for the credit approval procedures. The Credit Committee has full authority to deal with all credit matters.

As at 31 December 2021, the members of the Credit Committee comprise of three members, one of which an executive Director, the chief executive officer of the Company and a director of the subsidiaries engaged in the Group's money lending business segment; one of which a director of a subsidiary engaged in the Group's money lending business segment and a controlling shareholder of the Company; and one of which the finance manager of the Company who has over ten years of experience in accounting, auditing and financial management.

The Group would apply various factors to assess the potential customers, which may differ from case to case as the circumstances arise given the different backgrounds of the potential customers and the nature of the proposed loans.

For individual customers

In general, in evaluating loan applications from potential individual customers more emphasis would be placed in considering (1) income proof of the potential customer; (2) asset proof of the potential customer; and (3) whether the potential customer was able/willing to provide personal guarantee/security. The income and asset proofs are to assess the recoverability of proposed loans, and there is no minimum amount per se as it would depend on the amount and term of the proposed loan. Depending on the circumstance, a credit report will be obtained from the potential customers to assess recoverability and also the terms of the proposed loans (in particular, the interest rate to be fixed). If the potential customer was able/willing to provide a personal guarantee, the identity and background of the proposed guarantor would also be required to be considered. The Credit Committee will consider, among other things, the above three factors and that the Credit Committee would have to be satisfied with at least one of the three factors as mentioned above before any potential loan applications were to be considered. The Group has not set any restrictions on a particular age group or particular occupation, but prime consideration will be given to those who are business executives, businessmen or professionals.

For corporate customers

In general, in evaluating loan applications from potential corporate customers more emphasis would be placed in considering (1) revenue stream and track record period of the potential customer; (2) asset proof of the potential customer; and (3) whether the potential customer was able/willing to provide personal guarantee/collateral security. The income and asset proofs are to assess the recoverability of proposed loans, and there is no minimum amount per se as it would depend on the amount and term of the proposed loan. If the potential customer was able/willing to provide a personal guarantee, the identity and background (including credit report) of the proposed guarantor would also be required to be considered. The Credit Committee will consider, among other things, the above three factors and that the Credit Committee would have to be satisfied with at least one of the three factors as mentioned above before any potential loan applications were to be considered. The Group has not set any restrictions on a particular industry or place of principal business operation.

The above supplemental information provided in this announcement does not affect the information contained in the 2021 Annual Report and the contents of the 2021 Annual Report remain unchanged.

On behalf of the Board
China Demeter Financial Investments Limited
Ng Man Chun Paul
Chairman

Hong Kong, 28 October 2022

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ng Ting Ho and Mr. Chan Chi Fung; one non-executive Director, namely Mr. Ng Man Chun Paul; and three independent non-executive Directors, namely Mr. Chan Hin Hang, Mr. Yum Edward Liang Hsien and Mr. Hung Kenneth.

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’s website (www.hkexnews.hk) for a minimum period of seven days from the date of publication and on the Company’s website (www.chinademeter.com).