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Zhongshi Minan Holdings Limited

中食民安控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8283)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE 2022 ANNUAL REPORT

Reference is made to the annual report of Zhongshi Minan Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2022 (the “**Annual Report 2022**”). Unless otherwise defined, capitalised terms used herein shall have same meanings as those defined in the Annual Report 2022.

In addition to the information disclosed in the Annual Report, the Company hereby provides the following supplemental information as follows:

MOTOR FINANCE SERVICES

To facilitate sales of motor vehicles to our customers, we also offer motor financing services to our customers through hire purchase agreements or finance lease agreements.

As for our motor vehicle financing business, we derive our income from the interest charges associated with our hire purchase agreements. The interest rates charged are determined by us, which may vary based on the factors like market conditions, interest rates offered by other financial institutions and loan tenure, loan amount as a percentage of car value, etc.

LOAN RECEIVABLES FROM THIRD PARTIES

As at 31 December 2022, the amount of loan receivable from third parties of approximately SGD1.7 million mainly represents the outstanding motor vehicles financing loans provided to our customers. There was a total of 15 motor vehicles financing loans extended to our customers. Details of the motor vehicle financing loans are as follows:

	2022	2021
	<i>S\$'000</i>	<i>S\$'000</i>
Customer A	41	55
Customer B	60	71
Customer C	–	352
Customer D	–	120
Customer E	–	61
Customer F	–	61
Customer G	6	32
Customer H	7	19
Customer I	289	347
Customer J	117	150
Customer K	15	21
Customer L	–	38
Customer M	32	37
Customer N	–	76
Customer O	94	107
Customer P	–	71
Customer Q	166	–
Customer R	338	–
Customer S	95	–
Customer T	170	–
Customer U	186	–
Customer V	55	–
	<hr/> 1,671 <hr/>	<hr/> 1,618 <hr/>

As at 31 December 2022

	Gross receivables S\$'000	Unearned finance income S\$'000	Loan receivables from third parties S\$'000
Analysed into:			
Receivable			
– Within 1 year	506	120	386
– After 1 year but within 5 years	1,442	200	1,242
– After 5 years	45	2	43
	<u>1,993</u>	<u>322</u>	<u>1,671</u>

As at 31 December 2021

	Gross receivables S\$'000	Unearned finance income S\$'000	Loan receivables from third parties S\$'000
Analysed into:			
Receivable			
– Within 1 year	548	87	461
– After 1 year but within 5 years	1,278	121	1,157
– After 5 years	–	–	–
	<u>1,826</u>	<u>208</u>	<u>1,618</u>

The motor vehicle financing loans have the following summarized terms. The tenure of the loans can range from 1 to 7 years or may be determined based on the age of the motor vehicle. The interest rates are fixed and the rates for outstanding loans as of 31 December 2022 range from 3% to 7%. The offered interest rate depends on various factors such as the prevailing SIBOR rate at the start of the loan, the age, make and model of the vehicle, the loan tenure, and the borrower's creditworthiness and risk profile. Collaterals for these loans involve lodging the motor vehicle purchased with the Hire Purchase, Finance and Leasing Association of Singapore. All customers who avail of these loans are independent individual customers.

REVENUE FROM PROVISION OF MOTOR FINANCE SERVICES

Revenue from the provision of motor finance service is recognised over the scheduled repayment period because the customer simultaneously receives and consumes the benefits provided by the Group.

CREDIT RISK ASSESSMENT

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables including finance lease receivables. The Group put in place credit risk assessment policies when extending motor financing to customers. Our management team in Singapore is responsible for credit limit and approvals of these motor financing services. Factors considered includes (i) the make, model, age and condition of the motor vehicle to be secured; (ii) creditworthiness of borrower, (ii) ability to secure third-party guarantees; (iii) ability to service the repayments; and (iv) current market conditions.

Loan receivables are reviewed regularly to ensure appropriate actions are taken promptly to recover any overdue amounts. In event of overdue payment, a default interest is charged on a daily basis, or such other rate as may be determined, and a late charge payment is imposed on overdue payment.

Management overall considers the shared credit risk characteristic and the days past due of the finance lease receivables to measure the expected credit loss.

Our Group's management reviews its receivables for potential impairment on a monthly basis, relying on factors like collectability and ageing analysis. Calculating the expected credit losses involves substantial judgment, taking into account factors such as the current creditworthiness, past payment history of each customer and forward-looking macroeconomic data. Should our Group's customer experience financial deterioration, impacting their ability to make payments, it may necessitate additional provisions on impairment.

The supplemental information set out above does not affect the information disclosed in the Annual Report. Save as disclosed above, all other information in the Annual Report remains unchanged.

By order of the Board

Zhongshi Minan Holdings Limited

WANG Lei

Co-Chairman, Chief Executive Officer and Executive Director

Hong Kong, 10 November 2023

As at the date of this announcement, the executive Directors are Mr. WANG Lei, Mr. FENG Wei, Mr. CHUA Boon Hou (CAI Wenhao) and Ms. WU Lili; and the Non-Executive Directors are Mr. WANG Bing and Mr. ZHAO Yanjiao; and the Independent Non-Executive Directors are Mr. CHEN Huichun, Mr. ZHAO Wei and Mr. GAO Yan.

*This announcement, for which the Directors of 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 “**Stock Exchange**”) 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 in this announcement misleading.*

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