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Hong Kong Education (Int'l) Investments Limited
香港教育（國際）投資集團有限公司

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

(Stock Code: 1082)

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

Reference is made to the annual report of Hong Kong Education (Int'l) Investments Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) for the year ended 30 June 2022 (“**2022 Annual Report**”). Unless otherwise defined herein, capitalised terms herein shall have the same meanings as those defined in the 2022 Annual Report.

MONEY LENDING BUSINESS

In addition to the information disclosed in the section headed “MANAGEMENT DISCUSSION AND ANALYSIS” in the 2022 Annual Report, the Company would like to add additional information under sub-heading “Money Lending Business”.

The Group’s money lending business was conducted through its wholly-owned subsidiary, China Rich Finance Limited (“**China Rich**”), to provide secured and unsecured loans to its customers. The Company did not set specific target for corporate customer of any industry or operation history. The source of customers of the Company were mainly via the business networks of the senior management of the Company. For the Group’s loan portfolio as at 30 June 2022, outstanding principal amount of loan receivables before certain impairment was approximately HK\$26.9 million, of which approximately 7.4% represented the principal amount of loan receivables due from a corporate while the remaining were due from eight individual customers. The source of funds for the money lending business is generally funded by the internal resources of the Group.

Key Internal Controls

China Rich is principally led and managed by a director and a loan manager, who have years of experience in accounting, business development and/or financial services and management. With regards to the Group's internal controls for money lending business, there are the following monitoring mechanisms and measures adopted by the Group:

Loan application and approval

In progress of loan applications, internal credit assessments would be performed to decide the proposed loan size and interest rate charged. The internal credit assessment included but not limited to:

- verification and background checking, such as the identity documents and statutory records (i.e. identity card, address proof, business registration certificate, latest annual return, etc.);
- obtain income or asset proof of the borrower and guarantor, such as share certificates, bank statements and security statements, etc.;
- the valuation documents of the collaterals (if any); and
- the verification of the authenticity of the information provided.

Furthermore, the Group would perform public search towards the borrower and guarantor (if any) to ensure compliance with the relevant requirements and regulations of anti-money laundering and counter-terrorist financing (“**AML & CTF**”). For each loan application, rather than a pre-set minimum amount of income/revenue/profit/total asset/net asset level, the management would determine and approve the loan amount and interest rates based on the relevant financials, repayment ability and the overall quality of borrowers/guarantors and the respective collaterals, subject to business negotiations and market conditions. In general, the aggregate value of 12-month income/PBT and NAV/networth of the prospective borrower or its guarantor are the key financial benchmarks adopted by the Company and which should not be less than the proposed loan amount and the relevant interest. The loan approval will be further subject to the judgement of the management, where certain factors may also be considered in loan assessment as additional factors that would greatly affect the likelihood of the loan recoverability, such as the credit history, career profile, business or family background of the borrower/guarantor and the purpose of the borrowing.

Recovery and collection of loan receivables

Upon granting the loan, the Group would keep track of the repayment records and loan portfolio on an on-going basis and conduct recoverability review at each period ended, in particular for any past due loan accounts. The Group would follow the review procedure as follow: (i) obtain and review the repayment records of every loan and interests repayment to ensure every repayment is repaid on schedule and at the appropriate amount; (ii) communicate actively with the customers for past due repayment; and (iii) conduct legal action when considered necessary. The Group would further obtain the updated financial information from the borrowers when late repayment records were noted to assess the recoverability of loan. Different procedures and effort are put onto the loan recovery, appropriate actions, such as sending legal demand letter, legal proceedings arrangement, etc., would be considered by the Group, subject to the recovery situation of the loans and negotiation with customers.

As at 30 June 2022, all the loans receivables of the Group were unsecured loans. The management of the Group are of the view that the composition is reasonable and in the interests of the shareholders as a whole, considering that a relatively higher interest yield could be associated with an unsecured loan, given that the borrower can fulfill the Group's loan approval requirements as mentioned above.

The following table shows the Group's loan balance as at 30 June 2022 by different nature of loans.

Nature of loan	Loan principal as at 30 June 2022 HK\$'000	Interest rate per annum %	% of total loan principal as at 30 June 2022 %
Loans with guarantee	2,000	9	7.4
Unsecured loans	<u>24,875</u>	9 – 15	<u>92.6</u>
Total	<u>26,875</u>		<u>100.0</u>

Impairment provisions

The Company adopted estimated credit loss allowances (“**ECLs**”) according to the requirements of Hong Kong Financial Reporting Standard (“**HKFRS**”) 9 issued by the Hong Kong Institute of Certified Public Accountants. The Group made impairment provision on loan and interest receivables primarily based on the future macroeconomic conditions and borrowers’ creditworthiness (e.g. the likelihood of default by customers). Such assessment has taken regard of quantitative and qualitative historical information and also, the forward-looking analysis. During the year ended 30 June 2022, the Group had recognised impairment on loan and interest receivables from the money lending business amounting to approximately HK\$4.46 million, in aggregate (2021: HK\$12.50 million). Such decrease in impairment provision was primarily a result of the settlement/disposal of certain loans as compared to the last financial year.

The Group has complied with requirements set out in Chapter 14 and/or 14A of the Listing Rules when it granted the loans to each of the respective borrower whose loan was still outstanding as at 30 June 2022.

To the best of the Directors’ knowledge, information and belief based on internal records, the Group does 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 to each of the respective borrower whose loan was still outstanding as at 30 June 2022.

The above information does not affect the information disclosed in the 2022 Annual Report and save as disclosed in this announcement, all other information in the 2022 Annual Report remains unchanged.

By order of the Board
Hong Kong Education (Int’l) Investments Limited
Yip Kai Pong
Executive Director

Hong Kong, 9 February 2023

As of the date of this announcement, the executive Directors are Mr. Tsang Ka Wai and Mr. Yip Kai Pong; and the independent non-executive Directors are Mr. Yuen Chun Fai, Mr. Hong Ka Kei and Ms. Leung Sze Ki.