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**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023
AND
BUSINESS UPDATE**

Reference is made to the annual report (the “**Annual Report**”) of DeTai New Energy Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) for the year ended 30 June 2023 and dated 29 September 2023. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Annual Report.

In addition to the information provided in (i) the subsection headed “Money lending services” under the “Management Discussion and Analysis” section and Note 20 “Loans Receivable” to the consolidated financial statements in the Annual Report; and (ii) the subsection headed “Hotel hospitality business” under the “Management Discussion and Analysis” section of the Annual Report, the board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide the following supplementary information to the shareholders (the “**Shareholders**”) of the Company regarding the loan portfolio of the Group’s money lending services and the Group’s hotel hospitality business.

MONEY LENDING SERVICES

Status of the outstanding loans

As set out in the Annual Report, as at 30 June 2023, the Group’s loan portfolio consisted of four individual borrowers and four corporate borrowers and the total outstanding principal amount and interest receivables amounted to approximately HK\$230,688,639. The Board would like to clarify that amongst the eight loans in the Group’s loan portfolio as at 30 June 2023, (i) one of the loans was secured by collaterals and a personal guarantee and had an interest rate of 10%; (ii) one of the loans was secured by collaterals only and had an interest rate of 5.5%; (iii) two of the loans were secured by a personal guarantee only and had interest rates of 8% and 20% respectively; and (iv) the remaining four loans were unsecured and had interest rates ranging from 10% to 16%.

The details regarding the settlement of one loan and the recovery status of the remaining seven outstanding loans in the Group's loan portfolio as at the date of this announcement is set out as follows:

Borrower:	Outstanding principal amount and interest receivables (HK\$):	Interest rate (per annum):	Collateral/ security:	Recovery status:
A	12,870,574	20%	Personal guarantee	The Group had commenced legal proceedings against borrower A in June 2021 and as at the date of this announcement, such proceedings are still ongoing pending the provision of outstanding original documents as requested by the High Court of Hong Kong.
B	8,516,415	16%	N/A	The Group had commenced legal proceedings against borrower B in November 2019. As at the date of this announcement, judgment has been entered into against borrower B for the outstanding principal amount and interest accrued thereon, and no enforcement action or proceedings had been commenced as of yet.
C	70,233,295	8%	Personal guarantee	The Group will continue the negotiations with borrower C regarding the settlement of the outstanding principal amount and interest receivables. However, as at the date of this announcement, a winding-up petition has been presented against borrower C. Thus the decision of the Group and the negotiations with borrower C will depend on the outcome of the winding-up petition against borrower C.
D	43,477,363	10%	Collaterals and a personal guarantee	The Group had commenced legal proceedings against borrower D, amongst others, in January 2023. However, as at the date of this announcement, the Group had not received any acknowledgements of service of the writ of summons from borrower D nor the other defendants. The Group will continue to discuss with its legal advisers regarding an application for judgment against borrower D and the other defendants.
E	13,534,460	10%	N/A	The Group had commenced legal proceedings against borrower E in November 2020 and as at the date of this announcement, such proceedings are still ongoing pending the provision of outstanding original documents as requested by the High Court of Hong Kong.

Borrower:	Outstanding principal amount and interest receivables (HK\$):	Interest rate (per annum):	Collateral/ security:	Recovery status:
F	15,010,952	10%	N/A	<p>The Group had commenced legal proceedings against borrower F in November 2020 and an application had been made for service out of the jurisdiction on borrower F. However, the Group was unable to successfully serve the writ of summons on borrower F to the address provided by borrower F.</p> <p>The Group will continue to discuss with its legal advisers regarding any further actions to be taken.</p>
G	49,130,253	12%	N/A	<p>The Group had commenced legal proceedings against borrower G in November 2020 and an application had been made for service out of the jurisdiction on borrower G. However, the Group was unable to successfully serve the writ of summons on borrower G to the address provided by borrower G.</p> <p>The Group will continue to discuss with its legal advisers regarding any further actions to be taken.</p>
H	17,915,327	5.5%	Collaterals	<p>The legal proceedings against borrower H which were commenced in October 2022 had been discontinued on 15 November 2023.</p> <p>DeTai Finance Limited (“DeTai Finance”), a wholly-owned subsidiary of the Group, entered into a deed of settlement (the “Deed of Settlement”) with borrower H on 10 November 2023 in relation to the settlement of the payment obligations and liabilities of borrower H under the loan advanced by DeTai Finance to borrower H in February 2019. Upon the entering into of the Deed of Settlement, the payment obligations and liabilities of borrower H have been fully settled.</p>

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, in respect of the outstanding loan to borrower D which was secured by collaterals and a personal guarantee, the collaterals may have been realised by the joint lender to borrower D. The Group is seeking advice from its legal advisers as to any courses of actions to be taken by the Group to recover the Group’s respective share of the amount of the collaterals realised from the joint lender.

As to the two outstanding loans which were secured by personal guarantees, the Group is assessing the conditions of the relevant guarantors and will seek advice from its legal advisers regarding whether to commence legal proceedings against the relevant guarantors.

HOTEL HOSPITALITY BUSINESS

As set out in the Annual Report, the hotel hospitality business is the core business of the Group which recorded revenue of approximately HK\$25.6 million and a segment loss of approximately HK\$10.3 million which was mainly due to the impairment loss on property, plant and equipment. Such segment loss and impairment loss was attributable to the unprecedented detrimental effects of the COVID-19 pandemic on the hotel hospitality and tourism industry, and the delay in the implementation of the Group's business plan to further develop the hotel hospitality business in December 2021, which included (i) the renovation of the Resort Towers (the "**Renovation Project**"); and (ii) the development of the adjacent land to the Resort Towers to build villas (the "**Villa Project**", and together with the Renovation Project, the "**Business Plan**").

Effects of the COVID-19 pandemic on the tourism and hotel hospitality business and the implementation of the Business Plan

The COVID-19 pandemic had significantly affected the macroeconomic environment and the tourism industry in Japan, being the Group's main market for such business segment, and the implementation of the Business Plan. During the height of the COVID-19 pandemic in 2021, the Japanese Government had declared the fourth state of emergency which spanned throughout the duration of the 2020 Tokyo Olympics Games, and had only lifted the tough COVID-19 travel restrictions and re-opened the borders in October 2022 for individual tourism to foreign tourists from 68 countries and territories for visa-free entry into Japan.

Undoubtedly, such restrictive measures which had been continuously extended in response to the severity of the COVID-19 pandemic had meant that the personnel in charge of the Renovation Project and the Villa Project were not able to travel to and from Japan to implement the Business Plan. Similarly, the travel restrictions had caused a significant decrease in the number of tourists visiting Japan, thereby causing the occupancy rate of travelers at the Resort Towers to also decline as a result.

However, despite the disruptions to the implementation of the Business Plan, the Group continued to undertake the following actions as a means to attract visitors to the Resort Towers and provide the visitors with a relaxing stay:

- (i) The Group partnered with various online travel agencies and published advertisements on social media to offer discounted rates and/or promotional campaigns to attract tourists and domestic residents to visit the Resort Towers. Such campaigns included, but was not limited to, offering discounts to online travel agencies such as Jalan and Rakuten and publishing advertisements of discounted rates on social media platforms such as Instagram and Facebook (currently known as Meta).
- (ii) Maintenance works at the Resort Towers such as (1) purchasing air purifier units for 92 rooms in the autumn of 2020; (2) purchasing air conditioner units for 21 rooms in the autumn of 2021; (3) purchasing high voltage power switching panels in November 2021; (4) PBX renewal in November 2022; and (5) onsen filtering system renewal in April 2023, were conducted to ensure a pleasant and enjoyable stay for visitors to the Resort Towers.

Suspension of the Villa Project

Whilst the tourism and hotel hospitality industry has seen a revival in 2023 as a result of the lifting of the COVID-19 restrictions and the depreciation of the Japanese Yen (“**JPY**”), the consequences and difficulties caused by the stringent COVID-19 preventative measures adopted in Japan and Hong Kong which had halted the progress of the Renovation Project and the Villa Project during the peak of the COVID-19 pandemic are far and wide. As such, the management of the Group have decided to take a more prudent and risk-averse approach by suspending the Villa Project for the time being.

The Villa Project involved the acquisition of a piece of land at the size of 9,269 tsubo (30,677 sq.m.) for development into 10 mid to high-end onsen villas of 700 to 800 sq.m. each, which will then be sold and leased out to tourists. The management of the Group envisioned to target affluent Chinese and Asian investors as target buyers of the villa, and such villas were designed to attract tourists with an appetite for luxury.

As the tourism industry and the Group requires time to recover from the detrimental effects of the COVID-19 pandemic and to re-adjust to the new market, the management of the Group consider that proceeding with the Villa Project which is aimed at more affluent travelers would pose a high risk to the Group’s operations and the ability to reach such target market would be challenging.

Moreover, the rapid depreciation of JPY amidst global inflation had caused significant effects to the economy. At the beginning of 2021, JPY was 104 against the US Dollar (“**USD**”), which dropped to JPY115 against USD1 in March 2022 and eventually to JPY150 against USD1 in November 2023. In view of the steep downwards trend of JPY based on historic performance in the recent years, the management of the Group considered that the Villa Project would be a risky business venture for the Group in the current economy as any revenue generated from the Villa Project would be denominated in JPY which would affect the overall profitability of the Group when denominated in Hong Kong dollars given the weakening of the JPY.

By reason of the abovementioned factors, the management of the Group have decided to suspend the Villa Project for the time being.

Further development of the Renovation Project

Following the resurgence of tourism in Japan in April 2023, the management of the Group is hopeful towards the recovery of their hotel hospitality business and intend to focus on the development of the Resort Towers. The occupancy of the hotel rooms at the Resort Towers has seen a steady recovery in 2023 during the peak season, being November to April, as compared with the corresponding periods during the COVID-19 pandemic.

Taking such into consideration, the management of the Group is optimistic about the future of its hotel hospitality business and the Group intends to focus on the Renovation Project and implement the business plan as follows:

Proposed time	Events
Before October 2023	<p>Due to the impact of past outbreaks of COVID-19, the management of the Group required time to gather potential contractors and designers for face-to-face communication.</p> <p>In September 2023, the management of the Group conducted a site visit to the Resort Towers to (i) understand the current conditions and operations of the Resort Towers; (ii) visit the land adjacent to the Resort Towers and other developments in the Niseko area; and (iii) discuss and finalise the renovation plans for the Resort Towers. During the site visit, the management of the Group also met with the project manager and associate director of a capital markets and asset management company principally engaged in the provision of comprehensive commercial real estate investment, transaction and management advice, to discuss potential cooperation opportunities.</p> <p>The management also met with the representatives of a financial institution in Japan for debt financing.</p>
November 2023–March 2024	Peak season of the hotel hospitality business in Niseko.
April–October 2024	<p>Renovation works will commence on the annex and one of the two towers.</p> <p>Off-season refers to the period from April to October of each year when there is less activity for the hotel hospitality business in Niseko.</p>
November 2024–March 2025	<p>Peak season of the hotel hospitality business in Niseko.</p> <p>Renovation work of the annex and the first tower will be substantially completed and several suites will be available for rental, hence, additional revenue will be recognised.</p> <p>All the substantial renovation work will be suspended to provide a silent and relaxing environment to the Group's guests and customers.</p>
April–October 2025	Renovation work will commence again for another tower during the off-season and it is expected that suites will be available for rental in November 2025.

Proposed time	Events
November 2025–March 2026	<p>Peak season of the hotel hospitality business in Niseko.</p> <p>Renovation work of the second tower will be substantially completed and all suites (120 suites) will be available for rental, hence, additional revenue will be recognised.</p>

In addition to the above, the Group intends to continue (i) partnering with various travel agencies, intermediaries and tour companies to offer discounted rates and/or promotional campaigns and (ii) the maintenance and upgrading of the facilities, amenities and interior design of the Resort Towers.

In light of the above, the Board considers that the Renovation Project and the suspension of the Villa Project is in the best interests of the Company and the Shareholders as a whole as it will allow the Group to focus on developing the Resort Towers and attract a greater target market.

By order of the Board
DeTai New Energy Group Limited
Cheng Chi Kin
Chairman and Executive Director

Hong Kong, 27 December 2023

As at the date of this announcement, the executive Directors are Mr. Cheng Chi Kin (Chairman) and Mr. Wong Siu Keung Joe; and the independent non-executive Directors are Mr. Chiu Wai On, Mr. Man Kwok Leung and Mr. To Chun Wai.