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**(Stock Code: 559)**

## **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019**

Reference is made to the annual results announcement (the “**Announcement**”) of DeTai New Energy Group Limited (the “**Company**”) for the year ended 30 June 2019 dated 27 September 2019 and the annual report (the “**Annual Report**”) of the Company for the year ended 30 June 2019. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as in the Announcement.

In addition to the information provided in the Announcement and the Annual Report, the Board would like to provide the following further information in relation to the impairment loss on loans receivable of approximately HK\$127 million for the year ended 30 June 2019.

The relevant loans receivable impaired as at 30 June 2019 included loans to ten borrowers (the “**Loans**”), including individuals and enterprises and of which four loans were overdue and not repaid on the maturity date as at 30 June 2019 and six loans are yet to due as at 30 June 2019. The Company has obtained certain security for some of the loans including personal guarantee by the directors or shareholder(s) of the borrower, charge over assets or shares given by the borrower.

### **CREDIT POLICY**

The Group has adopted a credit policy to manage its money lending business and monitor the recoverability of the loans, details of which are outlined below:

- (i) *Compliance:* The Group will at all times ensure compliance with all applicable laws and regulations, including but not limited to the Money Lenders Ordinance, the Personal Data (Privacy) Ordinance and the Guideline on Compliance of Anti-Money Laundering and Counter-Terrorist Financing Requirements for Licensed Money Lenders;
- (ii) *Credit approval:* The Group will calculate the size tests for each provision of loan and based on the size of the transaction determine if it is necessary to obtain any collaterals such as properties, issued shares of companies with high net asset value and genuine business operations, letter of credit and/or bank guarantee issued by a licensed financial institution;

- (iii) *Credit assessment:* The Group will perform credit assessment including interview with the potential borrower, background searches on the potential borrower and his/its assets and the credibility of the potential borrower; and
- (iv) *Determination of interest rate:* The interest rate determined should reflect the risk level for the provision of such loan and in compliance with any requirements under the Money Lenders Ordinance.

## **CREDIT RISK ASSESSMENT**

The Group has performed credit risk assessment before granting the Loans by (a) reviewing the financial reports and statements of the potential borrower showing the net asset value of the potential borrower and other financial information of the potential borrower; and (b) performing an assessment on the financial condition of the potential borrower and its shareholder (for enterprises), such as the type and value of assets owned by the potential borrower. The Group based on the findings of the credit risk assessment considered the credit risk of granting the Loans was acceptable at the time of granting the Loans.

## **SECURITY/COLLATERAL**

The Group would assess and decide the necessity and the value of security/collateral for the granting of each loan, whether to an individual or enterprise, on a case by case basis considering the factors including but not limited to the repayment history, results of public search towards the borrower, the value and location of the assets owned by the borrower and the financial condition of the borrower.

## **LOAN COLLECTION/RECOVERY**

The Group has adopted a policy for loan collection/recovery, pursuant to which, the Group would issue overdue payment reminder to the borrower, instruct its legal advisers to issue demand letter for loans overdue for a longer period of time, negotiate with the borrower for the repayment or settlement of the loan and/or commence legal actions against the borrower.

Among the ten Loans as at 30 June 2019, six of the Loans overdue as at the date of this announcement. The Group had sent overdue payment reminders to the borrowers and had instructed its legal advisers to issue demand letters and/or ultimatum demanding the outstanding debt and/or writ of summons for recovery of the outstanding debts. The Group has negotiated with the borrowers for the repayment of the outstanding debt or the settlement of the loans. Up to the date of this announcement from 30 June 2019, the Group has received in aggregate of HK\$24 million settlement from borrowers.

In relation to the Loans not yet overdue, the Group will closely monitor for any adverse news which may trigger a default in payment. Based on the actions taken by the Group, the Board considered that they have strictly followed the Group's collection/recovery policy.

The above additional information does not affect other information contained in the Announcement and the Annual Report. Save as disclosed in this announcement, the remaining contents of the Announcement the Annual Report remain unchanged.

By order of the Board  
**DeTai New Energy Group Limited**  
**Wong Hin Shek**  
*Chairman and Executive Director*

Hong Kong, 16 December 2019

*As at the date of this announcement, the executive Directors are Mr. Wong Hin Shek, Mr. Chi Chi Hung, Kenneth and Mr. Chan Wai Ki; the non-executive Directors are Mr. Chui Kwong Kau and Ms. Zhang Yudan; and the independent non-executive Directors are Mr. Chiu Wai On, Mr. Man Kwok Leung and Dr. Wong Yun Kuen.*