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China Environmental Energy Investment Limited

中國環保能源投資有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 986)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
2022 ANNUAL REPORT**

Reference is made to the annual report of China Environmental Energy Investment Limited (the “**Company**”) for the year ended 31 March 2022 published by the Company on 4 August 2022 (the “**Annual Report**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Report. The Company wishes to provide the following supplemental information in respect of the Annual Report.

MONEY LENDING BUSINESS

As at 31 March 2022, the Group had 60 individual borrowers and had made loans amounting to approximately HK\$252.67 million which used internal source of funding. The Group placed advertisement in magazine and engaged loan agents to solicit new customers.

The tenure of loans were 1 to 3 years. The following table sets forth the distribution of the remaining maturity of loan receivables as at 31 March 2022:

	<i>HK\$'000</i>
Within one year	65.80
Between one and two years	186.87
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	252.67
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The loan amount of the largest borrower of the Group was HK\$9,000,000, approximately 3.56% of the total loan receivables and the aggregate loan amount of the five largest borrowers were HK\$43,000,000, approximately 17.02% of the total loan receivables.

The Group strived to adhere to a set of policy and procedural manual (such as, internal loan and credit policy of the Group, Guideline on Compliance of Anti-Money Laundering and Counter-Terrorist Financing Requirements for Licensed Money Lenders which is issued by Hong Kong Companies Registry and the Money Lenders Ordinance) in respect of loan approval, loan renewal, loan recovery, loan compliance, monitoring and anti-money laundering.

Before granting loans to potential customers, the Group performs credit assessment and due diligence process to assess the potential customers' credit quality individually and defines the credit limits granted to the borrowers.

The credit assessment and due diligence process encompasses (i) obtain personal information as to identity card copy and address proof; (ii) enquiry the potential customer any relationship with our directors or staff; (iii) ensure the potential customer is an independent third party and not connected with the Group and its connected person; (iv) if the potential customer is a connected person, we may consider the approval or not and make disclosure under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). if required; (v) to perform notifiable transaction test to ensure the loan is in compliance with the Listing Rules; (vi) detailed assessment on the credit history and financial background of the potential customers are performed by the finance team, the officer will gather the information and pass it to finance manager to review and finally pass these information to directors of Great Luck for assessment and approval. The relevant documents of financial background including but not limited to securities statement, bank statement and property certificate for asset proof; (vii) to perform litigation search through the government/other platform for the potential customers; and (viii) to perform assessment on the recoverability by the finance team, the procedures including to review the asset proof to ensure the potential customer was not under bankruptcy or debt restructuring.

Under the Group's credit policy, (i) the loan shall not exceed the maximum loan amount preset by the Group (i.e. HK\$10,000,000), (ii) the tenor of loan shall not exceed the preset by the Group (i.e. 3 years), (iii) the interest rate of loan shall not less than preset by the Group (i.e. 5%) and (iv) the credit limit should be based on the asset proof and the collateral value (if any), etc., to determine the credit limit by one of directors of Great Luck. The terms of loan will be depends on assets proof, background search, collateral to determine by case by case and it will fall within the policy.

Loan monitoring mechanism had been established. The finance team is responsible for on-going monitoring of the loan portfolio, credit limit of loans, loan recoverability, debt collection, identifying potential problems and recommending mitigating measures. The Group will conduct regular repayment assessment on the repayment schedule and the date of payment, company searches, litigation searches, internet searches and regulatory compliance searches in order to monitor and determine the risk level. The Group will request borrowers for provision of any updated financial information if considered necessary to update their financial ability, credit risk and assess the loan recoverability. These exercises are to monitor if any material adverse change may arise on the financial or legal conditions on the borrowers.

Regarding monitoring the recoverability of the loans, the Company will quarterly review and monitor the loan repayment status subsequent to the drawdown of loans to ensure that loan repayments were punctual and past due accounts were handled efficiently. When there were past due accounts, the Group would take actions including reminding call, interview, issue demand note, discuss the repayment terms or settlement proposals with the borrower and if unsuccessful, legal action would be taken against the borrower.

As at 31 March 2022, the allowance for ECLs of loan receivables are HKD9.20 million (2021: HKD3.05 million). The provision of default rate is 3.64% (2021: 1.35%). The increase of provision of default rate due to including but not limited to the global economic changes and political changes. In the fact, the Group did not record any bad debt and written off of loan receivable during the year ended 31 March 2022.

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

The Company 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 borrower(s), whose loan(s) was still outstanding as at 31 March 2022.

By Order of the Board
China Environmental Energy Investment Limited
Zhou Yaying
Chairman

Hong Kong, 8 February 2023

As at the date of this announcement, the Board comprises three executive directors, namely Ms. Zhou Yaying, Mr. Wei Liang and Mr. Tang Wing Cheung Louis; and four independent non-executive directors, namely Mr. Tse Kwong Chan, Mr. Yiu To Wa, Mr. Lau Leong Yuen and Mr. Hong Hui Lung.

* *For identification purposes only*