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華邦科技控股有限公司

HUABANG TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3638)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
THE ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

Reference is made to the annual report for the year ended 31 March 2022 of Huabang Technology Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 28 July 2022 (the “**2022 Annual Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the 2022 Annual Report.

The Board would like to supplement the following additional information in relation to the Group’s money lending business and the impairment losses on loan receivables of approximately HK\$136,665,000 (the “**Impairments**”) as at 31 March 2022 as disclosed in the 2022 Annual Report.

MONEY LENDING BUSINESS

The following table sets out a schedule of the loan portfolio of the Group under its money lending business for the year ended 31 March 2022:

Borrower	Date of entering into the loan	Principal amount (HK\$'000)	Interest rate (yearly)	Tenor (year)	Background of borrower/ guarantor (if any)
1. Borrower A (an individual)	27 August 2016	7,000	15%	1	A merchant
2. Borrower B	17 April 2019	40,000	8%	1	An investment holding company, engaged in financial investment activities
3. Borrower C (an individual)	17 April 2019	40,000	8%	1	A personal investor
4. Borrower D (an individual)	30 May 2019	20,000	12%	1	A merchant
5. Borrower E	10 October 2019	34,000	10%	1	An investment holding company, engaged in financial investment activities
6. Borrower F	17 March 2020	48,700	12%	1	An investment holding company

Borrower	Date of entering into the loan	Principal amount (HK\$'000)	Interest rate (yearly)	Tenor (year)	Background of borrower/ guarantor (if any)
7. Borrower G (an individual)	2 April 2020	7,000	18%	1	The borrower and guarantor are businessmen
		196,700			

A guarantee was given for the loan owed by Borrower G, and the terms of each of the loans owed by the seven borrowers above (the “**Relevant Borrowers**” and each a “**Relevant Borrower**”) allow the Group to appoint receiver(s) to liquidate any securities held by a Relevant Borrower in a securities account with the Group to offset outstanding amounts due upon the occurrence of an event of default. Save the above, no credit enhancement features (including security or collaterals) were provided in respect of these loans.

IMPAIRMENT LOSSES ON LOAN RECEIVABLES

With reference to the 2022 Annual Report, Impairments in the aggregate amount of approximately HK\$136,665,000 were recognised as at 31 March 2022 in respect of loans receivables of the Group. Such Impairments were made in respect of seven individual and corporate clients of the Group, none of which were the directors of the Company nor their close family members.

Of the seven borrowers over which the Impairments were recognized for, five were the top-5 borrowers (in terms of amount of principal outstanding) of the money lending business as at 31 March 2022.

The following table sets out further details of the Impairments:

Borrower	Principal amount (HK\$'000)	Outstanding principal amount as at 31 March 2022 (HK\$'000)	Amount of Impairments as at 31 March 2022 (HK\$'000)	Reason for the Impairments
1. Borrower A (an individual)	7,000	7,000	(7,000)	When Borrower A failed to repay the loan upon maturity
2. Borrower B	40,000	40,000	(33,422)	When Borrower B failed to repay the loan upon maturity
3. Borrower C (an individual)	40,000	40,000	(39,854)	When Borrower C failed to repay the loan upon maturity

Borrower	Principal amount (HK\$'000)	Outstanding principal amount as at 31 March 2022 (HK\$'000)	Amount of Impairments as at 31 March 2022 (HK\$'000)	Reason for the Impairments
4. Borrower D (an individual)	20,000	20,000	(5,310)	When Borrower D failed to repay the loan upon maturity
5. Borrower E	34,000	31,830	(31,830)	When Borrower E failed to repay the loan upon maturity
6. Borrower F	48,700	48,700	(12,930)	When Borrower F failed to repay the loan upon maturity
7. Borrower G (an individual)	7,000	7,000	(6,319)	When Borrower G failed to repay the loan upon maturity
	<u>196,700</u>	<u>194,530</u>	<u>(136,665)</u>	

For outstanding loans in respect of Borrower D and Borrower F, which had a significant increase in credit risk but were not credit-impaired as at 31 March 2022, the default rate of 26.55% with reference to the rating classification from S&P's 2021 Annual Global Corporate Default and Rating Transition Study for C/CCC was applied to calculate the impairment loss for these loans. These loans were not considered to be credit-impaired as at 31 March 2022 as they were overdue for less than a month and Borrower D and Borrower F had been responsive to the Group in respect of the repayment of these loans.

For the outstanding loan in respect of Borrower A, the Group has taken into account the past-due status, historical repayment performance and probability of default and considered it was credit-impaired and full provision of HK\$7.0 million was made as at 31 March 2019.

For outstanding loans in respect of Borrower B, Borrower C, Borrower E and Borrower G, the Group has taken into account the past-due status, historical repayment performance, probability of default and expected amount recoverable from each of these borrowers and considered they were credit-impaired as at 31 March 2022. Full provision have been made after deducting expected future cash flows that may be recovered by the Group, through the appointment of receiver(s) to liquidate any securities held by each of the borrower concerned pursuant to their respective loan agreements with the Group. The impairment loss is the aggregate difference between the principal outstanding and the expected future cash flows recoverable from these borrowers.

ACTIONS TAKEN TO RECOVER OVERDUE LOAN RECEIVABLES

In respect of Borrower B, Borrower C and Borrower F, the Group is engaged in ongoing negotiations and discussions with these borrowers on repayment arrangements. The Group had issued demand letters to them demanding immediate repayment of the due but unpaid principal and interest under the loans. The Group is consulting legal advisers on the commencement of legal proceedings to recover the outstanding loans from these borrowers. In respect of Borrower F, following ongoing negotiations with Borrower F and recovery efforts made by the Group, Borrower F has repaid approximately HK\$6,326,000 to the Group between 1 April 2022 and the date of this announcement.

In respect of Borrower A and Borrower D, the Group issued demand letters to them demanding immediate repayment of the due but unpaid principal and interest under the loans. The Group has consulted legal advisers and has appointed a professional independent receiver to recover the outstanding loans from these borrowers.

In respect of Borrower E, the Group issued demand letters to it demanding immediate repayment of the due but unpaid principal and interest under the loan. Following negotiations with Borrower E and recovery efforts made by the Group, as of the date of this announcement, Borrower E has repaid all of its outstanding amounts to the Group.

In respect of Borrower G, in July 2021, the Group commenced legal proceedings in Shenzhen Qianhai Cooperation Zone People's Court, Guangdong Province to recover the overdue principal and interest from Borrower G. The case was heard in October 2021 and judgment was rendered in favour of the Group in May 2022. Following the judgment, Borrower G has reached out to the Group to discuss the settlement and the repayment schedule for the amounts due to the Group. On 26 October 2022, Borrower G and the Group have entered into a settlement agreement, under which Borrower G has agreed to repay HK\$8,585,718.58 to the Group (the "**Settlement Agreement**"), and Borrower G has repaid the first instalment of HK\$2,585,718.58 to the Group on 28 October 2022 pursuant to the Settlement Agreement.

Despite the Impairments being made as at 31 March 2022, the Group reserves all of its rights to take legal actions to recover any outstanding amounts due from each of the Relevant Borrowers to safeguard the interests of the Group and the shareholders of the Company.

Save as disclosed above, all other information and contents set out in the 2022 Annual Report remain unchanged.

By order of the Board
Huabang Technology Holdings Limited
Liu Qiaosong
Vice Chairman and Executive Director

Hong Kong, 16 November 2022

As at the date of this announcement, the executive Directors of the Company are Mr. Liu Qiaosong and Mr. Qu Hongqing; and the independent non-executive Directors of the Company are Mr. Loo Hong Shing, Vincent, Mr. Zhu Shouzhong and Mr. Li Huaqiang.