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INTERNATIONAL GENIUS COMPANY

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 33)

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

Reference is made to the annual report of International Genius Company (the “**Company**”) for the year ended 30 June 2022 published on 11 November 2022 (the “**Annual Report**”). Unless otherwise defined in this announcement or the context requires, capitalised terms herein shall have the same meaning as those defined in the Annual Report.

In addition to the information provided in the Annual Report, the board of directors of the company (the “**Board**”) would like to provide additional information regarding the disclosure with respect to the advancing business of the Group as below:

ADVANCING BUSINESS

The advancing business of the Group was carried out by a wholly-owned subsidiary (“**Subsidiary**”) of the Company under money lenders license granted by the licensing court in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

(a) The Company’s advancing business

The Group aims to provide financing to individual and corporate clients of different backgrounds. As the advancing business remains to be limited in scale, the Group targets to source potential client referrals through the business network acquaintances of its existing management and staff. That being the case, the Group does not rule out walk-in clients so long as they can fulfil the relevant credit assessment requirements. The source of funds of the advancing business is funded by the internal resources of the Group.

During the year ended 30 June 2022, the Group had granted an unsecured personal loan to Dr. Wong Man Hon Frederick (王文漢) (the “**Borrower**”), who is an independent third party (as defined under the Listing Rules) of the Company and its connected person(s) and was introduced to the Group by a former customer service manager of the Subsidiary, with a principal amount of HK\$2.0 million (the “**Loan**”).

(b) Major terms of the Loan

Before granting the Loan, the Group has conducted searches in relation to the Borrower's background and assets and noted that the Borrower was a political figure who had held over 10 public offices or senior positions in various associations, charity group and public organisations in Hong Kong and the mainland China. It was revealed that he was holding a real estate property. Considering (i) the background and social status of the Borrower and his available assets; and (ii) the relevant risk level and exposure involved, the Subsidiary had granted an unsecured loan which carries a simple interest of 20% per annum to the Borrower. The maturity date of the Loan was 28 February 2022.

(c) Credit risk assessment policy

The Group has adopted a credit risk policy to manage its advancing business which includes compliance with all applicable laws and regulations, credit assessment on potential borrower and his/its/her assets, the credibility of the borrower, and if applicable, the necessity in obtaining collaterals.

The credit risk assessment was made on a case-by-case basis by assessing the background of the borrowers, considering size of the loan, the borrower's financial strength (e.g. ownership of real estate property) and credit history, as well as evaluating whether the borrower is in bankruptcy or liquidation etc. Within a loan category, the interest rates, the duration of the loan and repayment terms of the loan may vary. The determination of the loan terms reflects the risk level of the provision of loan and ensure the risk is at a controllable level.

(d) Reasons for loan impairments

The Company adopted the requirements in respect of ECL assessment set forth in HKFRS 9 issued by the HKICPA in determining the impairment loss allowance for its loan receivables. In estimating the ECL, the Group usually take into account management judgments and assumptions, such as (a) historical actual credit loss experience of the borrowers and other forward-looking factors specified to the borrowers; (b) general economic conditions and assessment of the current conditions and future conditions which may apply to the borrowers; and (c) estimating the probability of default of the loan receivables and the loss upon default in each case.

Given (i) the background and social status of the Borrower; and (ii) the value of his available assets was sufficient to cover the loan amount, the Group decided to grant an unsecured loan which carries a simple interest of 20% per annum to the Borrower. However, despite various steps taken by the Group, including but not limited to (i) holding physical meetings with the Borrower; (ii) issuing formal demand letters to Borrower through the Group's legal advisers; and (iii) engaging external debt recovery service firms to assist in seeking repayment from the Borrower, the Borrower still has not made any repayment. Hence, given the Loan could not be recovered even though all practical recovery measures have already been taken by the Group, the Group considers a full provision shall be made in respect of the Loan. As at the date of this announcement, the Group has been seeking legal advice on the prospects of taking out bankruptcy proceedings against the Borrower.

(e) Internal controls measures

Credit limits and approvals

The Group generally takes the following steps to determine credit limits and approvals:

- (a) obtain and review the borrower's identity proof, such as identity card or passport of individuals and corporate documents of corporate entities;
- (b) obtain and review the borrower's address proof such as utility bills, bank statements or formal correspondence issued by a government/statutory body;
- (c) assess and justify the repayment ability of the borrower by looking into the background of the borrower (including his/her occupation and social status etc.), his/her/its available assets in Hong Kong, previous payments record and other relevant information; and
- (d) conduct credit assessment searches such as desktop searches, land searches, company searches, litigation searches and to obtain credit assessment report issued by independent professional firms if necessary.

The Group maintains proper record and documentation for all results of credit assessments and the grant of loan to borrower is subject to the final review and approval of the management team.

Recoverability and collection

The Group has designated staff to closely monitor its loan portfolio and regularly update credit profile and risk associated with each individual borrower. The Group also keep track of the repayment schedule constantly and makes alerts to the management in case of default or late repayment. On a regular basis, the designated staff checks if there is overdue balances or late payment and the risk management staff performs independent reviews on the loans portfolio and closely monitor the status and report to the management. Internal discussions generally take place on a case-by-case basis to determine the necessary recovery actions, including (but are not limited to) phones calls, statutory demand and formal legal actions.

GENERAL

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

By order of the Board
International Genius Company
Mr. Lin Feng
Executive Director

Hong Kong, 8 May 2023

As at the date of this announcement, (i) the executive Directors of the Company are Dr. Ng Yu and Mr. Lin Feng; (ii) the non-executive Directors of the Company are Ms. Sun Qiuzhen and Mr. Dai Chengyan; and (iii) the independent non-executive Directors of the Company are Mr. Lo Hang Fong, Mr. Wang Jun Sheng and Mr. Yip Tze Wai Albert.