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DA YU FINANCIAL HOLDINGS LIMITED
大禹金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1073)

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

Reference is made to the annual report of Da Yu Financial Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) for the year ended 31 December 2022 published on 21 April 2023 (“2022 Annual Report”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the 2022 Annual Report.

The Company would like to provide shareholders of the Company further information relating to the Group’s money lending business in Hong Kong (the “Money Lending Business”) in addition to those already provided in the 2022 Annual Report as follows:

FURTHER INFORMATION ON THE MONEY LENDING BUSINESS

Size, diversity and identity of borrowers

Loan portfolio summary

The following table provides a summary of loan products and loan size range of loan portfolio which were outstanding as at 31 December 2022:

Loan size	Tenure	Individual borrowers	Corporate borrowers	Number of borrowers	Loans as at 31 December 2022 HK\$ million
<i>Mortgage loans</i>					
HK\$1,000,000 or below	1 month – 12 years	29	-	29	11.2
HK\$1,000,001 – HK\$5,000,000	5 – 13 years	4	1	5	8.5
Over HK\$5,000,000	9 years	-	1	1	17.6
		33	2	35	37.3
<i>Term loan</i>					
HK\$1,000,001 – HK\$5,000,000	6 months	-	1	1	1.5
Total		33	3	36	38.8

Top five borrowers

As at 31 December 2022, the total principal amount of the outstanding loans for the top five borrowers amounted to HK\$24.6 million, representing approximately 63.4% of the Group's total mortgage loans and term loans portfolio. Set out below is a summary of the top five borrowers of the Group as at 31 December 2022:

Borrower(s)	Individual/ Corporate borrowers	Tenure	Interest rate (per annum)	Principal amount as at 31 December 2022 HK\$ million	Concentration % over total loans portfolio	Guarantee/ collateral
Borrower A	corporate	9 years	P – 1%	17.1	44.2%	Residential properties collateral
Borrower B	individual	7 years	P + 5%	2.6	6.6%	Commercial properties collateral
Borrower C	individual	13 years	P + 2%	1.9	4.9%	Commercial properties collateral
Borrower D	corporate	6 months	24%	1.5	3.9%	Personal guarantee
Borrower E	individual	5 years	P + 4%	1.5	3.8%	Residential properties collateral

Credit approval processes

Before a loan is granted, the head of lending department (“LDH”) with the assistance from outsourcing agents, has to obtain and check on the background information of the potential borrower including identity document, income proof and residential proof, among other things at the initial stage. All loans must have a good and reasonable repayment prospect. LDH is also responsible for ensuring on a daily basis that the relevant operational procedures and controls implemented are adequate and effective in accordance with the Group's Money Lending Policy (the “MLP”) and the Property Loan Operation Procedures Manual.

Credits are granted according to the hierarchy of approval authorities within the Group, based on a control limit determined by the Board, including the LDH and the boards of directors of the respective companies within the Group and the Board, if applicable.

This control limit, also specified in the MLP, is set according to the materiality of the loan exposure decided by the Board from time to time. Any single loan amount exceeding the control limit has to be approved by the Board.

Impairment provisions of mortgage loans and term loans

Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The expected credit loss (“ECL”) for term loans is assessed individually and mortgage loans is assessed collectively. In determining impairment allowances on term loans and mortgage loans, the measurement of ECL requires estimation of the amounts in respect of expected future cash flows and the assessment of whether there have been a significant increase in credit risk.

The impairment provision has taken into account the financial strength of the borrowers as well as the quality of collateral and other credit enhancements.

In respect of secured mortgage loans with the carrying amount of HK\$37.3 million as at 31 December 2022 (2021: nil), the market value of collateral of such mortgage loans can be objectively ascertained to cover the outstanding loan amounts based on valuations conducted at the end of the financial year.

The loan to value ratio, calculated by dividing the principal amount of each mortgage loan by the appraised value of its property pledged, ranged from 0.5% to 48.1% as at 31 December 2022.

Further details regarding credit risk and impairment assessment for mortgage loans and term loan are disclosed in Note 3.9, Note 19 and Note 39.5 to the consolidated financial statements in the 2022 Annual Report.

The above additional information does not affect any other information contained in the 2022 Annual Report. Save as disclosed above, all other information in the 2022 Annual Report remains unchanged.

For and on behalf of
DA YU FINANCIAL HOLDINGS LIMITED
Lee Wa Lun, Warren
Managing Director

Hong Kong, 6 October 2023

As at the date of this announcement, the Non-Executive Directors are Mr. Kuo Jen-Hao (Chairman) and Mr. Xu Haohao, the Executive Directors are Mr. Lee Wa Lun, Warren (Managing Director), Mr. Lam Chi Shing and Ms. Li Ming, and the Independent Non-Executive Directors are Mr. Chan Sze Chung, Mr. Suen Chi Wai and Mr. Sum Wai Kei, Wilfred.