華億金控集團有限公司

SINOFORTUNE FINANCIAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 08123)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE 2024 ANNUAL REPORT

The announcement is made by the board (the "**Board**") of directors (the "**Directors**") of Sinofortune Financial Holdings Limited (the "**Company**") on certain supplemental information to the contents in the annual report of the Company for the year ended 31 December 2024 (the "**Reporting Period**") published on 23 April 2025 (the "**Annual Report**").

Unless the context otherwise requires, the capitalised terms used herein shall have the same meaning as those defined and used in the Annual Report.

The following sets forth supplemental information to the Annual Report in respect of the Company's recognition of impairment loss related to the Advance Payments by a subsidiary of the Company (the "**Subsidiary**") to the vehicle suppliers (the "**Suppliers**") amounted to approximately RMB70.2 million (equivalent to approximately HK$75.8 million) (the "**Impairment Amount**") under the purchase contracts (the "**Purchase Contracts**") for purchasing the motor vehicles for resale.

The Company has been engaging in the business segment of sales of parallel imported motor vehicles in the PRC since August 2017. As a reseller of parallel imported motor vehicles, the Group has sorted out potential models of motor vehicles (the "**Vehicles**") from the Suppliers, sourced end customers and resold it to end customers (the "**End Customers**") under the resale contracts (the "**Resale Contracts**"). The brief summary on the Purchase Contracts and the Resale Contracts are as follows:

PURCHASE CONTRACTS

All Vehicles included in the Purchase Contracts were middle to high-end models. In some cases, the Subsidiary finalized the Purchase Contract after securing an End Customers. In most circumstances, the Subsidiary entered into Purchase Contracts with Suppliers before securing End Customers, requiring payment of a non-refundable deposit ranging from 10% to 45% (the "**Purchase Contracts Deposit**"). Upon receiving the Purchase Contracts Deposit, the Suppliers would place Vehicle orders with overseas suppliers, paying them via Letter of Credit, while requiring the Subsidiary to settle the remaining balance under the Purchase Contracts. Simultaneously, the Subsidiary entered into Resale Contracts with End Customers, collecting deposit and/or the outstanding purchase price from them. If the Subsidiary failed to make timely payments under the Purchase Contracts, it could negotiate with Suppliers for an extension or propose partial payment with accrued interest, though such arrangements were not guaranteed and often incurred additional costs such as interest charges or late fees.

There were a total of 134 Purchase Contracts (involving a total of 214 Vehicles), out of which 119 Purchase Contracts (involving a total of 171 vehicles) were linked with Resale Contracts, representing approximately 88.8% of the Purchase Contracts. The remaining 15 Purchase Contracts covering 43 Vehicles do not have End Customers.

The payment status of the Purchase Contracts is categorized into three scopes as follows:

1. **Category 1: Purchase Contracts (the contract sum of which has been fully settled) without Resale Contracts**

   This category covered Purchase Contracts with Vehicles pending to have End Customer. The Vehicles under this batch is pending for resale. The Subsidiary has already made the full Advance Payment of approximately RMB16.4 million to the Suppliers, which accounts for approximately 23.3% of the total Impairment Amount. The Vehicles were shipped and held at bonded ports awaiting customs clearance.

2. **Category 2: Purchase Contracts (the contract sum of which has been fully settled) with Resale Contracts (the contract sum of which has been fully settled)**

These are Purchase Contracts tied to Resale Contracts where all payment obligations (the Subsidiary to Suppliers and the End Customers to the Subsidiary) under the Purchase Contracts and Resale Contracts have been satisfied. The Vehicles were shipped and held at bonded ports awaiting customs clearance. Under this batch of Purchase Contracts, the Subsidiary has already made the full Advance Payment to the Suppliers of approximately RMB24.3 million representing approximately 34.7% of the total Impairment Amount. The Vehicles under this category could be delivered to the End Customers once fulfilling custom clearance. Since the delay for obtaining the custom clearance has been unresolved for a prolonged period, the Company is of the view that it is reasonable to make the impairment on the Purchase Contract Deposit to the Suppliers.

3. **Category 3: Purchase Contracts With Resale Contracts (Contract sum were only partially settled)**

The Purchase Contracts under this category tied to the Resale Contracts where the Subsidiary has made only partial payments to the Suppliers, amounting to approximately RMB29.5 million representing approximately 42.0% of the total Impairment Amount, with interest accruing on the outstanding amounts. The End Customers have also paid only a portion of the resale price under the Resale Contracts. As of 31 December 2024, the total estimated contract value for the Resale Contracts under this category was approximately RMB89.7 million, with an outstanding receivable balance of approximately RMB61.2 million.

According to the standard automotive trade protocols, legal ownership can only be transferred to the Subsidiary after full payment has been made and upon (i) successful completion of customs clearance, (ii) acquisition of China VI emission compliance certification, and (iii) final payment of all applicable import duties and taxes.

As at the date of this announcement, the Vehicles are yet to obtain the required customs clearance. Consequently, the Vehicles are still remaining stranded in bonded ports or warehouses. The Subsidiary has encountered difficulties in the custom clearance for those Vehicles since 2024 which has been faced unprecedented delays due to unknown reason. To the best information of the Company, these delays are systemic and industry-wide, impacting all market participants equally. Despite continuous follow-ups, none of the Vehicles had been released by December 2024, leaving the situation unresolved with no clear timeline for resolution.

The impairment of advance payments to suppliers is justified due to a combination of contractual, market, and legal risks that have significantly reduced the recoverability of these amounts. Vehicles remain stranded in bonded ports or warehouses, preventing delivery to customers, while certain Purchase Contracts lack enforceable delivery timelines, with Suppliers refusing to extend them. For those Purchase Contracts that have already expired, completing them would require additional financing costs and expose the Group to further declines in vehicle prices amid intense price competition among automakers in China. Additionally, prolonged detention in bonded zones has made it difficult to verify the condition of the vehicles due to inspection restrictions, as well as to confirm legal ownership.

Given these unresolved challenges, the Directors determined that recognizing an impairment loss on the Advance Payments was necessary to provide a true and fair view of the Group's financial position. The Directors after assessing the potential risks and financial impacts on the Group considered that it was reasonable to recognize the Advance Payments for the Purchase Contracts as impairment loss as this treatment not only complieswith accounting standards but also provides Shareholders with a transparent reflection of the Company's current financial position amid these unresolved challenges.

RESALE CONTRACTS

Out of the 134 Purchase Contracts, 119 Purchase Contracts were covered by Resale Contracts. Among the Resale Contract, it covered a total of 14 End Customers, all of whom are independent and not connected with the Company. As at 31 December, 2024, the Subsidiary had received from the End Customers an amount of approximately RMB53.5 million being the deposits and prepayments for the Resale Contracts. Among these 14 End Customers, 4 End Customers has made full payment of the resale price and 10 End Customers has only made partial payment of the resale price. To recover these overdue amounts, the Subsidiary has taken legal action, engaged legal counsel to issue formal demand letters and/or institute legal action against to certain customers have shown no intention to fulfill their payment obligations (the "**Defaulting End Customers**"). Based on legal advice, the Subsidiary anticipates that approximately RMB25.9 million (equivalent to approximately HK$27.9 million) being the non-refundable deposits paid by the Defaulting End Customers under the Resale Contracts could be forfeited (representing 36.9% of the total impairment loss) from these defaulting parties, as they have failed to respond to legal demands or payment reminders.

MEASURES CARRIED OUT BY THE COMPANY

As of 2024, the Subsidiary had retained a PRC law firm and issued thirteen (13) legal demand letters and twenty-nine (29) demand notices or payment remainder to Defaulting End Customers regarding the outstanding payment obligations. Despite these letters, no substantive responses have been received from the addressees to date. In 2025, the Subsidiary escalated these matters by instructing its law firm to initiate formal litigation proceedings against two (2) non-responsive Defaulting End Customers to recover all outstanding amounts together with the accrued interest and associated legal costs. The Subsidiary's legal team is currently reviewing and evaluating all legal actions to the Defaulting End Customers and will actively monitor the end customers' payment status and take legal action to pursue the recovery of those outstanding payment.

The Subsidiary has been actively to resolve this issue and since the end of 2024 has been engaging licensed customs brokers to handle all clearance formalities for the Vehicles. The Subsidiary expects the custom clearance process will be smoother in the near future after the implementation of the revised custom policies in April 2025 which has established clearer guidelines. The Subsidiary is actively coordinating with custom brokers and relevant authorities to expedite the custom clearance process under the revised rules.

The Subsidiary is also actively pursuing multiple channels to dispose of the Vehicles to other areas such as South Korea and the Middle East. As at 30 June 2025, the Subsidiary and/or the Suppliers have resold 50 vehicles and recovered approximately RMB7.2 million (equivalent to approximately HK$7.7 million) which amounting to be the full refund of deposit of that 50 Vehicles. In addition, 7 Vehicles have been released to end-customers and the deposit paid for these 7 Vehicles amounting approximately RMB10.1 million (equivalent to approximately HK$10.8 million) has been treated as part of the purchase price of these 7 Vehicles. The Company will explore more overseas market and new customers, especially to develop export business to the EU market. In addition, the Company has begun to discuss export cooperation with some Chinese manufacturers. The Company will explore more possibility to go through the existing hurdles and to improve the revenue, profit and level of operation in this business segment.

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

By order of the Board
Sinofortune Financial Holdings Limited
Wang Jiawei
Chairman

Hong Kong, 15 August 2025

As of the date of this announcement, the executive directors are Mr. Wang Jiawei and Ms. Lai Yuk Mui, the non-executive director is Mr. Liu Runtong and the independent non-executive directors are Professor Zhang Benzheng, Mr. Li Jianxing, Professor Chen Shu Wen and Mr. Lee Kwun Kwan.