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CHINA HONGBAO HOLDINGS LIMITED

中國紅包控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8316)

INSIDE INFORMATION — SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO TEMPORARY SUSPENSION OF OPERATION OF THE COMPANY'S SUBSIDIARY

This announcement is made by China Hongbao Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**GEM Listing Rules**") and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Reference is made to the announcement of the Company dated 3 September 2025 (the "**Announcement**") in relation to inside information regarding temporary suspension of the Group's construction business following the suspension of operation of the Company's subsidiary (the "**Temporary Suspension of Construction Business**"), Ambitious Achievement New Materials Holding Limited ("**Ambitious Achievement**"). Unless otherwise defined, capitalised terms used in this supplemental announcement shall have the same meanings as those defined in the Announcement.

THE TEMPORARY SUSPENSION OF CONSTRUCTION BUSINESS

Background

Immediately prior to the Temporary Suspension of Construction Business, Ambitious Achievement had five employees based in the office of Ambitious Achievement (the "**Office**"), including Mr. Ng Yeuk Cheung ("**Mr. Ng**"), one of the directors of Ambitious Achievement with whom the Company has lost contact since 25 August 2025.

Mr. Ng had been the key person of the operation of Ambitious Achievement's business, serving as the main contact point for stakeholders, such as its suppliers and customers. His sudden unavailability has created immediate disruption to project coordination and client communications for Ambitious Achievement. At the same time, all desktop computers hosting the server information of Ambitious Achievement, and operational and accounting documents at the Office were missing. The absence of both soft and hard copies of such documents has impaired other staff's access to project details and contact files, which are necessary for continuing operations in an efficient and compliant manner.

While Mr. Yu Hua, an executive Director of the Company, remains to be a director of Ambitious Achievement, he is based in Beijing, the People's Republic of China, and has not been a key person or the operational lead of the Hong Kong construction projects. In the immediate term, the absence of on-site leadership in Hong Kong, the missing operational and accounting records, and disrupted systems necessitate a temporary suspension of the operation of Ambitious Achievement, hence the whole construction segment of the Group, before control over such missing records is regained.

The Company is currently in the course of discussing with the employees based in the Office, excluding Mr. Ng, the continuation or termination of their employment. As at the date of this announcement, (i) a total of five individuals, including two of the Office staff mentioned, had filed claims against Ambitious Achievement for severance payments and remedies for alleged dismissal without valid reason; and (ii) a total of seven individuals who claimed to be employed by Ambitious Achievement as on-site construction workers had lodged claims against Ambitious Achievement in relation to alleged unpaid wages. As at the date of this announcement, the claims regarding alleged unpaid wages were closed by the Hong Kong Labour Department upon receipt of evidence of wages paid by the contractor of Ambitious Achievement. The Company is in the course of gathering the necessary information to pursue prompt settlement of the outstanding claims regarding severance payments and remedies.

Current status of Ambitious Achievement

Statutory demand

The Company has received a statutory demand issued to Ambitious Achievement pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) from a creditor of Ambitious Achievements (the "**Creditor**") dated 9 September 2025 in the amount of approximately HK$2.4 million (the "**Statutory Demand**"). Based on information available to the Company, the Statutory Demand relates to two outstanding loans granted by the Creditor to Ambitious Achievement, comprising (i) a loan granted under a term loan facility dated 18 March 2025 in the principal amount of HK$200,000, which was drawn down in full by Ambitious Achievement on the same day (the "**First Loan**"), and (ii) a loan granted under an export invoice finance facility dated 27 March 2025 in the principal amount of HK$2.0 million, which was drawn down in full by Ambitious Achievement on the same day (the "**Second Loan**") (together, the "**Loans**"). The aggregate demanded sum of approximately HK$2.4 million comprises the principal loan amount, accrued and default interest as at 9 September 2025 and costs incurred by the Creditor in relation to both loans. As disclosed in the Annual Report of the Company for the year ended 31 March 2025 ("**FY2025**"), the Loans form the Creditor were secured by an assignment of trade receivable of Ambitious Achievement. Other than such assignment of trade receivable, as at the date of this announcement, the Company has not identified any guarantee provided by the Company or other entities within the Group in respect of the Loans.

As at the date of this announcement, to the Company's information and knowledge, no winding-up petition has been presented on Ambitious Achievement in connection with the Statutory Demand. In the event that winding-up proceedings is initiated against Ambitious Achievement, the Group's construction segment may be adversely affected.

Outstanding project

Based on the results of the Company's online search at the website of the Civil Engineering and Development Department of the Hong Kong SAR Government, the Company noted that there is one continuing project for which Ambitious Achievement is responsible, which commenced in July 2022 and is expected to be completed in January 2026. Immediately prior to the Temporary Suspension of Construction Business, Ambitious Achievement had been working on one of the project sites in Fo Tan, Hong Kong that was nearly complete.

As advised by an administrative staff member of Ambitious Achievement, the contractor which engaged Ambitious Achievement in respect of the above construction project in Fo Tan, Hong Kong has found a replacement subcontractor to work on such project. To the Company's information and knowledge, there is currently no outstanding construction works required to be performed by Ambitious Achievement in relation to such project site.

Impact on the Group's construction segment

As disclosed in the Annual Report of the Company for FY2025, the business of Ambitious Achievement constituted the entire construction segment of the Group. For FY2025, the Group's business comprised the construction segment and the internet services segment, and the business of Ambitious Achievement constituted the construction segment of the Group, while the business of Hainan Hongbao Linkage Technology Co. Ltd. ("**Hainan Hongbao**"), an indirect wholly owned subsidiary of the Company, constituted the internet services segment of the Group.

The Temporary Suspension of Construction Business is expected to have a negative impact on the Group's operation. The Group may be subject to stakeholder claims, and will incur demobilisation and remobilisation costs and remediation expenses, such as retrieval of records, information technology (IT) reinstatement, legal expenses and appointment of new director, any of which may cause a negative impact on the cash flow and operation of the Group. The Group will actively communicate with stakeholders to negotiate extensions of time, mitigate potential losses where possible, and preserve key relationships for future business opportunities.

Given that the construction segment contributed approximately 57.1% of the Group's total revenue for FY2025, the Temporary Suspension of Construction Business may cause a material impact on the financial performance of the Group in terms of revenue. However, Ambitious Achievement was also the Group's loss-making subsidiary in FY2025 and the year ended 31 March 2024 ("**FY2024**"), contributing approximately HK$8.8 million and HK$11.5 million to the Group's loss for FY2025 and FY2024, respectively. In the immediate term, the suspension of negative-margin works may reduce operating losses associated with unprofitable projects.

Set out below is a breakdown of the selected financial information of Ambitious Achievement, Hainan Hongbao and the Group in FY2025 and FY2024:

	Ambitious Achievement *(Note 1)*		**Hainan Hongbao** *(Note 1)*		**The Group** *(Note 2)*	
	FY2025	**FY2024**	**FY2025**	**FY2024**	**FY2025**	**FY2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Revenue	46,168	59,550	34,686	38,007	80,854	97,557
% to the Group	*57.1%*	*61.0%*	*42.9%*	*39.0%*	*N/A*	*N/A*
(Loss)/profit before tax	(8,839)	(11,492)	8,949	1,504	(9,389)	(7,477)
	As at 31 March		**As at 31 March**		**As at 31 March**	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Total assets	8,552	17,829	50,188	2,560	58,854	23,374
% to the Group	*14.5%*	*76.3%*	*85.3%*	*11.0%*	*N/A*	*N/A*
Bank and cash balance	1,222	282	34,089	655	36,771	1,230
% to the Group	*3.3%*	*22.9%*	*92.7%*	*53.3%*	*N/A*	*N/A*

Notes:

1. Relevant financial information is extracted from entity level account. Ambitious Achievement's financial information has excluded the impairment loss recognised on investment in subsidiary for consolidated statement of profit or loss and investment in subsidiary for consolidated statement of financial position. These figures are not disclosed in the Annual Reports of the Company for FY2025 and FY2024.

2. For further details, please refer to the consolidated financial statements in the Annual Reports of the Company for FY2025 and FY2024.

From a reporting perspective, the loss of both soft and hard copies of the operational and accounting documents may complicate the preparation and release of the upcoming interim results although certain information may be obtained from accessing bank statements of Ambitious Achievement. At present, the Board is assessing whether the publication of the interim results may be delayed, depending on the status of record retrieval.

The Company's investigation and action plans

The Company is actively pursuing Mr. Ng, dealing with stakeholders, and investigating the impact and mitigating loss arising from the Temporary Suspension of Construction Business. The Board is in the course of conducting a comprehensive investigation, with external legal support as required. The investigation includes but is not limited to: (i) retrieving and examining access logs to the Office; (ii) reviewing internal communications; and (iii) liaising with the building management of the Office and the Hong Kong Police to preserve any available CCTV footage of the building where the Office is located.

The Company has engaged lawyers to assist in implementing immediate measures, including requesting the building management of the Office to preserve CCTV footage for the period of 21 August 2025 to 2 September 2025, suspending the employment of Mr. Ng for failing to report to work, and considering to remove him from directorship and bank signatory mandates. The Company has also instructed lawyers to initiate a civil action against Mr. Ng to compel the return of computers and records and to seek appropriate injunctive relief.

On 9 September 2025, a notice was sent to the last known residential address and email address of Mr. Ng to notify him of the suspension of his employment. A letter was also issued by the instructed lawyers to the building management of the Office on 10 September 2025 to demand for the preservation of CCTV footage for the relevant period. On 15 September 2025, the matter was filed with the Ma On Shan Police Station, and based on the information and knowledge of the Company, the Hong Kong Police has requested the building management of the Office to preserve the CCTV footage.

Moreover, the Company is in the course of exploring ways to seek assistance from its customers, suppliers, auditor and banks to retrieve its operational and financial documents. Notices have been sent on 9 September 2025 to all four customers of Ambitious Achievement in FY2025 and to eight of its subcontractors engaged in FY2025, advising that Mr. Ng has become uncontactable and has been suspended. Concurrently, the Company is in the process of trying to obtain complete and up-to-date bank statements directly from banks and request auditors' prior-year working papers to reconstruct Ambitious Achievement's operational and accounting documents.

The Group intends to resume its construction business with strengthened management oversight and enhanced internal control. The construction business may be conducted through Ambitious Achievement and/or other Hong Kong subsidiary(ies) of the Group. The Group is in the course of formulating plans to engage management personnel with relevant experience and expertise to oversee the operations of its construction business, including appointment of new director(s) with relevant experience and expertise to the operating entity(ies) of the Group's construction business. Subject to the completion of requisite internal procedures, the Group expects to complete such appointment of director(s) within three months from the date of this announcement. While the construction business is facing temporary disruption, the Group remains confident in its prospects and is committed to rebuilding and strengthening its market position. Subject to the outcome of Group's review of its capacity and capabilities in relation to construction projects, the Group will continue to monitor and evaluate potential opportunities to bid on tenders and may consider re-establishing communication with previous clients and other stakeholders to explore suitable opportunities in both the public and private sectors.

The Company is also reaching out to internal control advisers to conduct a review to identify any deficiencies of existing internal controls of the Group, including those of Ambitious Achievement, and to make recommendations to enhance such internal controls. The Company currently expects to complete the appointment of an internal control adviser in or around early November 2025, and complete its internal control review process in or around January 2026. The Company will issue further announcement(s) as and when appropriate regarding the engagement of the internal control adviser and the key findings of the internal control review. Banks will also be contacted to update mandates, introduce or reinforce dual-approval controls, and the Board will monitor for unusual outflows.

By order of the Board
China Hongbao Holdings Limited
Cheng Jun
Chairman and Executive Director

Hong Kong, 24 October 2025

As at the date of this announcement, the Board comprises Mr. Cheng Jun and Mr. Yu Hua as executive Directors; and Mr. Chow Chun To, Professor Cheung Ka Yue and Ms. Wong Chi Yan as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and will be published on the Company's website at www.quantongkonggu.com.