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TOMO HOLDINGS LIMITED
萬馬控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6928)

VOLUNTARY ANNOUNCEMENT
UPDATES ON INVESTMENT IN ASSOCIATES

This announcement is made by Tomo Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") on a voluntary basis.

Reference is made to the announcements of the Company dated 24 April 2023, 12 May 2023 and 7 June 2023 respectively in relation to an investment in associates (the "**Announcements**") and the financial report of the Company for the year ended 31 December 2024 (the "**2024 Annual Report**"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements and the 2024 Annual Report.

In relation to the investment in associates, the Board would like to update as follows:

1. During the period from 18 April 2024 to 26 March 2025, despite the repeated requests made by the Company, Mr. Tsang Kin Yip (the vendor) ("**Mr. Tsang**") has only on 30 May 2024 and 29 October 2024 represented that the profit guarantee as provided by Mr. Tsang in the Sale and Purchase Agreement (the "**Profit Guarantee**") had been fulfilled but he failed to provide the consolidated management accounts or financial statements of the Target Group for the 18 months from the completion date of the Acquisition for the purpose of assessing whether the Profit Guarantee has been fulfilled. As a result, the Directors filed a creditor's bankruptcy petition against Mr. Tsang (the "**Bankruptcy Petition**") on 6 March 2025 on the basis that Mr. Tsang failed to fulfil the obligation under the Profit Guarantee.

2. Mr. Tsang, via his legal advisers, informed the Company on 12 May 2025 that the reports and audited consolidated financial statement of the Target Group for the year ended 31 March 2024 (the "**Financial Statements**") had now been prepared by the accountants, in which the Profit Guarantee was met.

3. The Company, as the shareholder of Ocean Dragon, was only allowed to physically inspect the Financial Statements but not the underlying books and records of the Target Group, including but not limited to the audit report and accounts of Hua Bright and the monthly bank statements and accounting ledgers of Ocean Dragon and Hua Bright (the "**Underlying Documents**"). As such, the Company is not able to verify the genuineness of the financial information revealed by the Financial Statements.

4. On 26 May 2025, the Bankruptcy Petition was ordered to be withdrawn.

5. The Board would like to emphasis that since the Company is unable to inspect the Underlying Documents, the genuineness of the financial information revealed by the Financial Statements is doubtful.

In order to address the unresolved audited qualification in relation to the investment in associates in the following financial year, the Company is currently seeking legal advice as to the possible civil action to be taken for the loss suffered by the Company and assessing the costs and benefits thereof and exploring the possibility of disposing of the Target Group.

Given (i) the Board has exhausted all means to recover the Company's investment in the Target Group, including (a) reporting the incident to the Hong Kong Police Force for investigation as disclosed in the Company's announcement dated 12 May 2023; (b) making repeated requests to Mr. Tsang for the financial information of the Target Group; and (c) the filing of a creditor's bankruptcy petition against Mr. Tsang on 6 March 2025; (ii) since completion of the acquisition of the Target Group and up to the date of this announcement, the Group has not received any economic benefit from the Target Group; and (iii) the Company was not allowed to inspect any of the Underlying Documents, the Board considers it is remote to recoup any value from the Company's investment in the Target Group. As such, the Board, after discussion with the auditors of the Company, expects that there will be a qualification on the opening balances of the consolidated financial statements of the Company for the financial year ending 31 December 2025 only and such qualified opinion will be resolved for the financial year ending 31 December 2026.

In light of the aforesaid incident, the Board shall enhance the existing internal control system in mid-August 2025 with an aim to ensure the Group's right of inspection on the internal documents of the potential target in future investment:

1. setting up a comprehensive due diligence review list on the potential target, including but not limited to obtaining the memorandum and articles of association, all the audit report and accounts and the monthly bank statements and accounting ledgers of the potential target;

2. assigning personnel to be part of the management of the potential target of the investment so that such personnel is entitled to inspect and review the internal documents of the potential target and report to the Board the financial performance of the potential target;

3. ensuring a proper documentation of the proposed investment, including memorandum and articles of association of the potential target, all the correspondences and minutes of meetings with the potential target and vendor, and written records of due diligence work and negotiation;

4. including in the sale and purchase agreement and/or other equivalent document(s) the inspection right of the Company on the internal documents of the potential target; and

5. strengthening the use of external legal or other professional support as to any action required to be taken regarding any proposed transactions or events in the future including but not limited to conducting a comprehensive due diligence review on the potential target.

With the above enhanced internal control system, the Board is of the view that the Company can prevent the re-occurrence of similar incident.

By order of the Board
TOMO Holdings Limited
Lu Yongde
Executive Director and Chairman

Hong Kong, 28 July 2025

As at the date hereof, the Board comprises Mr. Lu Yongde, Mr. Tsang Chun Ho Anthony and Mr. Yuan Qinghua as executive Directors; Mr. Choi Tan Yee as non-executive Director; Mr. Liu Wuhui, Mr. Ma Zhangkai and Ms. Zhu Xiaoxin as independent non-executive Directors.