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HUAXI HOLDINGS COMPANY LIMITED

華禧控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1689)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO 2023 ANNUAL REPORT

Reference is made to the annual report for the year ended 31 December 2023 (the “**2023 Annual Report**”) of Huaxi Holdings Company Limited (the “**Company**”, and together with its subsidiaries the “**Group**”). Terms used herein shall have the same meanings as defined in the 2023 Annual Report unless otherwise stated.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to provide the following additional information in the 2023 Annual Report:

- (a) Regarding the disclosure in note 23 “Prepayments and other receivables” on page 113 of the 2023 Annual Report relating to prepayments and other receivables of the Group:

The funds advanced to the associate (a former indirectly wholly-owned subsidiary of the Company) as disclosed in note 23(a) to the consolidated financial statements was for establishing and developing its business in research and development and sale of technological products and its daily operations.

In addition, as at 31 December 2023, other receivables included two other loans provided by the Group respectively to two independent third parties in an aggregate amount of HK\$11,642,000 (equivalent to RMB10,550,000), representing approximately 24.8% of the total other receivables. The table below sets out the major terms of the two loans:

	Principal amount	Term	Interest rate	Secured or unsecured	Reasons for granting the loan
Loan A	RMB9,800,000 (equivalent to HK\$10,814,000)	From 3 January 2023 to 30 June 2023	1.5% per month	Unsecured	For obtaining good interest return
Loan B	RMB750,000 (equivalent to HK\$828,000)	From 25 December 2023 to 24 June 2024	Interest free	Unsecured	For assisting the Group in exploring business opportunities in the cigarette industry in the PRC

Since Loan A was expected to provide good potential interest return to the Group and the counterparty to Loan A was a renowned property developer in Shantou, Guangdong Province, the PRC, the granting of Loan A could maximize the possible return for the Group, and is in line with the Group's business strategy and is in the interest of the Company and its Shareholders as a whole.

Loan B was granted for the purpose of assisting the Group in exploring business opportunities in the cigarette industry in the PRC, which is advantageous to the Group as it could enhance the Group's presence in the market of Cigarette Packaging Business in the PRC, one of the principal activities of the Group. Therefore, the granting of Loan B is in line with the Group's business strategy and is in the interest of the Company and its Shareholders as a whole.

- (b) Regarding the disclosure under the section headed "Other financial assets at amortised cost" in note 3(b)(ii) "Impairment of financial assets" on page 87 of the 2023 Annual Report:

As disclosed in the note, an impairment on other receivables and other non-current assets of HK\$6,963,000 was recognized during FY2023, among which approximately HK\$6,443,000 (representing approximately 92.5% of the impairment recognized) was attributable to Loan A and was measured based on the lifetime expected credit losses model. The impairment on Loan A was due to the counterparty to Loan A, a property developer in Shantou, Guangdong Province, the PRC, which was then experiencing significant financial difficulties as a result of the unforeseeable downturn and deterioration of the real estate market in China after the lifting of pandemic restrictions in China in FY2023.

By Order of the Board
Huaxi Holdings Company Limited
Zheng Andy Yi Sheng
Chairman

Hong Kong, 9 August 2024

As at the date of this announcement, the Board comprises Mr. Zheng Andy Yi Sheng and Mr. Zheng Minsheng as executive Directors; Mr. Hao Jiming as non-executive Director; and Mr. Lau Kwok Hung, Mr. Fok Po Tin and Mr. Cai Xiaowen as independent non-executive Directors.