AMCO
United Holding Limited
雋 泰 控 股 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 630)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the annual report of AMCO United Holding Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 30 March 2020 and published on the websites of The Stock Exchange of Hong Kong Limited and the Company on 23 April 2020 for the year ended 31 December 2019 (the "**Annual Report**"). Unless otherwise defined, capitalised terms used herein shall bear the same meanings as those defined in the Annual Report.

In addition to the information disclosed in the Annual Report, the Company wishes to provide the Shareholders and the public with additional information in relation to the Annual Report as follows.

Impairment loss

As disclosed in note 16(i) to the consolidated financial statements of the Group headed "GOODWILL" in the Annual Report, at 31 December 2019 and 2018, goodwill of approximately HK$10,196,000 relates to the Building Contract Works Business unit, a CGU, acquired as part of the acquisition of ACE Engineering in 2016. At 31 December 2019, impairment of goodwill of approximately HK$10,196,000 (2018: HK$3,817,000) was made. The Company would like to provide supplemental information in respect of the impairment loss as follows.

The recoverable amount of the CGU, has been determined based on a value in use calculation as the Directors considered that there is no basis for making a reliable estimate of the fair value less costs of disposal. The value in use calculation was determined by using the discounted cash flow method to estimate the present value of the future cash flows expected to be derived from the CGU, and valued by International Valuation Limited, a firm of independent valuers not connected to the Group with qualified professionals (including Chartered Financial Analysts, Financial Risk Managers and Certified Public Accountants) specialized in the provision of corporate consultancy and valuation services. The calculation uses cash flow projections based on estimates and financial budgets approved by the Directors. These projections cover a five-year period, and have been

* *For identification purposes only*

discounted using a pre-tax discount rate of 11.60% (2018: 13.34%). The cash flows beyond that five-year period have been extrapolated using a steady growth rate of 3% (2018: 3%). Cash flow projections during the budget period are based on budgeted gross margins which range from 7.4% to 13.0% (2018: 7.0% to 14.5%).

All of the assumptions and estimations involved in the preparation of the cash flow projections are determined by the management of the Group based on past performance, experience and their expectation for future market development. The key assumptions for the cash flow projections include budgeted gross margins, discount rate and growth rate. Budgeted gross margins are based on past performance including the average gross margins achieved in the period immediately before the budget period, increased for expected efficiency improvements, and expected market development. The discount rate is the rate that reflects current market assessments of the time value of money and the risks specific to the CGU. When determining the estimated discount rate, the Group used key parameters by reference to certain companies of the same industry. The growth rate is based on the long-term average economic growth rate of the geographical area in which the business of the CGU operates.

Based on the assessment, the recoverable amount of the CGU is determined to be approximately HK$16,994,000 (2018: HK$28,326,000). The carrying amount of the CGU has been reduced to the recoverable amount and accordingly, an impairment loss of approximately HK$6,379,000 (2018: HK$3,817,000), HK$338,000 (2018: HK$nil) and HK$1,546,000 (2018: HK$nil) has been recognised on goodwill, property, plant and equipment and intangible asset respectively in the current year.

Share option scheme

As disclosed in the section headed "SHARE OPTIONS" in the Directors' report and note 28 to the consolidated financial statements of the Group headed "SHARE OPTION SCHEME" in the Annual Report, on 30 June 2015, the Company adopted a share option scheme ("**Share Option Scheme**"), which was approved by the Shareholders at the AGM held on the same date. The purpose of the Share Option Scheme is to enable the Group to grant share options to the eligible participants as incentives or rewards for their contributions to the Group. The eligible participants ("**Eligible Participants**") to whom the Directors may in their discretion make an offer for grant of share options pursuant to the Share Option Scheme belong to the following classes of participants.

(1) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any subsidiary of the Company or any entity in which any member of the Group holds any equity interest ("**Invested Entity**");

(2) any non-executive directors (including independent non-executive directors) of the Company, any subsidiary of the Company or any Invested Entity;

(3) any supplier of goods or services to any member of the Group or any Invested Entity;

(4) any customer of any member of the Group or any Invested Entity;

(5) any person or entity that provides research, development or other technical support to any member of the Group or any Invested Entity;

(6) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(7) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity;

(8) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group; and

(9) any company wholly owned by one or more Eligible Participants.

The above additional information does not affect other information contained in the Annual Report and the contents of the Annual Report remain unchanged.

By order of the Board
AMCO United Holding Limited
ZHANG Hengxin
Chairman and Managing Director

Hong Kong, 26 August 2020

As at the date of this announcement, Mr. Zhang Hengxin and Mr. Jia Minghui are the Executive Directors; and Mr. Chan Tsz Keung, Mr. Au Yeung Ming Yin Gordon and Mr. Guo Zhenhui are the Independent Non-executive Directors.