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**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT FOR
THE YEAR ENDED 31 DECEMBER 2021**

Reference is made to the annual report of AMCO United Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 31 March 2022 and published on the websites of The Stock Exchange of Hong Kong Limited and the Company on 28 April 2022 for the year ended 31 December 2021 (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.

Money Lending

The Group’s money lending business is operated by an indirect wholly-owned subsidiary of the Company, JS Finance Limited (“**JS Finance**”) which is a licensed money lender in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group earns interest income through providing loans to customers, including individuals, private and listed companies by using internal resources of the Group. Customers are usually from referrals from the business network and connections of the Group, including but not limited to customers and suppliers. Before granting loans to potential customers, the Group performs credit assessment process to assess the potential borrowers’ credit quality individually and defines the credit limits granted to the borrowers. The credit assessment process encompasses detailed assessment on the credit history, i.e. any bankruptcy record, and financial background of the borrowers, such as the repayment ability as well as the value and characteristics of the collaterals to be pledged, if any. Collaterals are required if the result of the credit assessment of the potential borrowers is not satisfactory. The credit limit of loans successfully granted to the borrowers will be subject to regular credit review by the management as part of the ongoing loan monitoring process. The day-to-day operation of the money lending business is mainly handled by the director of JS Finance, while all loan applications are subject to final review and approval by the Board.

* *For identification purposes only*

Under the ongoing economic impacts of COVID-19, in order to lower default ratio of the loan borrowing, JS Finance has reviewed and flexibly adjusted the business strategies, which is to enhance the requirements of the loan granted to the borrowers. For example, the borrowers have to provide the asset proof or income proof to prove they have the ability to repay the loan. As the requirements of the loan granted to the borrowers are higher and the risk for the loan borrowings are lower, the related interest rate will become lower.

Due to difficulties in repayment by customers caused by the economic impacts of COVID-19, there was a recognition of net impairment losses arising from expected credit losses and write-off on loan and interest receivables in the amount of approximately HK\$9.1 million (2020: approximately HK\$22.4 million) and approximately HK\$5.0 million (2020: Nil) respectively for the year ended 31 December 2021. Despite such difficulties, the Group will continue putting efforts in the collection procedure of loan receivables. The impairment losses recognised for the year ended 31 December 2021 is the sum of the impairment loss from impairment assessment on principal and interest calculated by independent professional valuer, which considered several factors including but not limited to (1) probability of default; (2) loss given default; and (3) forward looking factor.

During the year ended 31 December 2021, the Group received 31 applications for loan renewals, all of which were successfully approved and renewed. Among the successful renewed loans, all of it had been expired during the year and the borrower had expressed its intention to renew the loan. Based on this, the management of the Group had gone through the credit assessment procedures before entering into of the loan renewal agreement.

For the loan portfolio as at 31 December 2021, the principal amount of the loans ranged from approximately HK\$0.1 million to HK\$10.0 million with interest rates ranging from 6.0% to 12.0% per annum and mature within 1 year. During the year ended 31 December 2021, the loan portfolio has 35 borrowers, which comprised of 30 individual customers and 5 corporate customers, and all of the Group's net loan and interest receivables were unsecured. As at 31 December 2021, the net amount of loan and interest receivables due from the largest borrower was approximately HK\$8.1 million, being approximately 8.1% to the net loan and interest receivables of the Group. The net amount of loan and interest receivables due from the five largest borrowers (in aggregation with loans granted to persons connected with each other (if any)) was approximately 37.2% of the net loan and interest receivables of the Group. The five largest borrowers were individuals, all of which were third parties independent of the Company and its connected persons (as defined in the Listing Rules). Further details of the loan and interest receivables are set out in note 22 to the consolidated financial statements in the Annual Report.

All loans and loan agreements under the Group's money lending business have been granted and approved in accordance with the Money Lending Guidelines (“**Guidelines**”) and the Money Lending Procedure Manual (“**Procedure Manual**”) of JS Finance. The Guidelines provide the policies to be observed by JS Finance for its money lending business, and set out the objective for the money lending business is to earn interest income to generate profits for JS Finance whilst avoiding incurrence of bad debts. The Guidelines also provide references or specific requirements for setting of interest rates of the loan, the tenure of the loan and the credit assessment and approval process of each loan. Each loan application will be considered and approved by the Board on a case by case basis. The Board will usually take into account of the applicant's creditability, reputation, financial status, the value of the security (if any), the applicant's past repayment record with JS Finance, and the proposed tenure, principal amount and interest rate of the loan to consider whether a loan application will be approved and whether a security/guarantee is needed or adequate for a loan.

The Procedure Manual provides the procedures to be observed by JS Finance for granting and thereafter monitoring the repayment of the loans. In brief, the intending borrower first fills in an application form or the intending borrower communicates in person with the officer of JS Finance. The officer will then collect documents from the intending borrower for client identification and verification, and has to confirm/enquire if the borrower is a connected person of the Group (as defined in the Listing Rules). The application form will then be reviewed and/or approved by any one director of JS Finance. The senior management will draft the loan documents in accordance with the terms specified in the approved application form. The responsible officer of the loan application will prepare the Memorandum for Credit Analysis (“**Memorandum**”) which contains the proposed terms of the loan application, the background information of the borrower and the analysis of the credit risks and security. The draft loan documents together with the Memorandum will be passed to the Board for final approval. Based on the information in the Memorandum, the Board makes a conclusion on the credit risk assessment of the customer. Once the loan is approved and granted, the responsible officer has to perform ongoing monitoring review of the loan at least yearly or in a more frequent manner depending on individual circumstances, i.e. whether repayment on time, or market condition, i.e. change in economic conditions, and to report the status of the loan repayment monthly and immediately report to the Directors if any default repayment is noted.

For secured loan, during the loan monitoring process, where the responsible officer notice that the value of the collateral is considered to be insufficient to cover its risk exposure or that the actual loan-to-value ratio with respect to any loan advanced has reached or exceed an accepted ratio, JS Finance may require the borrower to deposit additional collateral and/or security, partially repay the outstanding loan or realise the value of the collateral in order to bring the loan-to-value ratio back to an accepted level.

For unsecured loan, the responsible officer should conduct annual review or in a more frequent manner depending on individual circumstances or market condition and to report the status of the loan repayment monthly and immediately report to the Directors if any default repayment is noted on each loan which remains outstanding and if the responsible officer notice that there is a material deterioration, in the client’s financial position i.e. failure to make the repayment on time, JS Finance may require repayment from its client after reporting to its management who monitor the risk level.

The Directors became aware that the balances were not collectible when (i) they were notified by the responsible officer of JS Finance who was under a duty to report to the Directors whenever there was any default repayment of a loan; and (ii) reviewing the results of the assessment of the credit risk of accounts and loan and interest receivables; the Group has a policy for assessing the credit risk of accounts and loan and interest receivables, and the assessment was based on a close monitoring and evaluation of collectability and on management’s judgement, including the ageing analysis of receivables, the current creditworthiness, account executives concentration analysis, collateral distribution and concentration analysis and the past collection history of each client, etc.

Generally, if the debt is overdue for 3 months, JS Finance will issue reminder letter to the customer and if the debt is overdue for more than 6 months, JS Finance will consider to take legal action, if necessary.

The money lending business is governed by the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and JS Finance have fully complied with the applicable laws and regulations.

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, 28 September 2022

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.