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AM GROUP HOLDINGS LIMITED

秀商時代控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1849)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO QUARTERLY UPDATE ON BUSINESS OPERATIONS AND PROGRESS OF RESUMPTION

This announcement is made by AM Group Holdings Limited (the “**Company**”, collectively with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on (the “**Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and 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 23 December 2024 in relation to, among others, (a) resumption guidance; and (b) quarterly update on business operations and progress of resumption (the “**1st Quarterly Update Announcement**”).

Reference is also made to the announcements of the Company dated 23 September 2024, 24 September 2024 and 30 September 2024 (together with the 1st Quarterly Update Announcement, collectively, the “**Announcements**”) in relation to, among other things, (i) the delay in the publication of the 2024 Annual Results and the 2024 Annual Report; and (ii) the postponement of the Company’s annual general meeting.

Unless otherwise defined, capitalised terms used herein have the same meanings as defined in the Announcements.

The Company would like to provide the following supplemental information to its shareholders and potential investors in relation to the Company’s resumption plan for fulfilling the Resumption Guidance issued by the Stock Exchange and the latest business operations of the Group.

As stated in the Announcements, the financial statements of the Company for the year ended 30 June 2024 are still pending the provision of the necessary information and documents by the Company's subsidiaries in the PRC, as required by the Auditor to complete the auditing process, and currently, the Auditor still has limited access of books and records of all of the Company's subsidiaries in the PRC, which are due to the non-cooperation of a Director ("**Non-cooperating Director**") who is supervising the Group's business in the PRC as well as the non-cooperation of the applicable subsidiaries.

In the progress of the audit of the financial statements of the Group for the year ended 30 June 2024, it has been noticed that one of the subsidiaries of the Group, being 秀商時代 (重慶) 科技有限公司 (Show Times (Chongqing) Technology Company Limited) ("**Show Times CQ Technology**") has been involved in a legal proceeding as a defendant in Hong Kong (HCA 589/2024), in which it was alleged that Show Times CQ Technology had entered into a cooperation agreement (the "**Alleged Cooperation Agreement**") in 2020 with the plaintiff at a time before the Company first announced the acquisition of the first 20% of the interest in Majestic State International Limited in its announcement dated 16 June 2020, pursuant to which Show Times CQ Technology had agreed to pay a consideration of HK\$240 million to the plaintiff for acquiring 75% issued share capital of an unnamed target (the "**Target Company**"). It was also alleged that Show Times CQ Technology had agreed to transfer 120,000,000 shares of the Target Company with an equivalent value of HK\$81.6 million to the plaintiff. The plaintiff alleged and claimed (a) a shortfall of HK\$26.8 million in the payment of the consideration; (b) the said equivalent value of HK\$81.6 million; and (c) professional fees alleged to be incurred by the plaintiff for Show Times CQ Technology in the sum of HK\$700,000.

For avoidance of doubt, the Company is not aware of the existence of such alleged Cooperation Agreement at the time of acquiring the 20% as well as the subsequent 60% interest in Majestic State International Limited in June 2020 and in November 2020 respectively (which is also disclosed in the Company's announcements dated 23 November and 30 November 2020).

The Company had attempted to request the Non-cooperating Director as well as Show Times CQ Technology to provide relevant information related to the said legal proceeding, including but not limited to status of such legal proceeding; however, up to the date of this announcement, the Company is still unable to obtain such information, and the Company, being a non-party to the legal proceeding, was not able to access documents filed by the parties to the said legal proceeding without the co-operation of Show Times CQ Technology save and except the writ filed by the plaintiff at the commencement of the legal proceeding.

During the audit of the financial statements of the Group for the year ended 30 June 2023, it has already been noticed that the same plaintiff had initiated another legal proceeding based on essentially the same fact (HCA 1506/2022). In that case and at that time, the Company was still able to obtain information from Show Times CQ Technology

and based on the information, knowledge and belief of the Company and based on a legal opinion obtained by the Company at that time, the plaintiff had not served the writ of such legal proceeding after one year and as the claim was considered as frivolous and vexatious for failing to provide particulars such as the identity of the “Target Company”, the breakdown of the alleged professional fee of HK\$700,000, etc.. On such basis, it was considered that disclosure of such legal proceeding was not necessary nor appropriate.

In order to remedy the situation, the Company has sought legal advice, and the Company intended to appoint directors at the relevant subsidiaries so that the Company could regain control over them. Whilst negotiation with the Non-cooperating Director would be continued, the first appointment requisition starting from Majestic State International Limited, being a subsidiary of the Company, has already been sent to the registered agent concerned before the end of December 2024, and the Company would continue to nominate directors at the next level of the subsidiaries successively. However, Majestic State International Limited’s registered agent did not comply with the requisition, and upon seeking legal advice, a demand letter has been issued to such registered agent. The Company will continue to seek legal advice from its legal advisors, and it is not precluded that the Company may take legal proceeding against the Non-cooperating Director of Majestic State International Limited and/or the registered agent. But for such obstacles, it is otherwise expected that the entire process would take six to nine months to the level of 秀商時代(重慶)網絡服務有限公司 (Show Times (Chongqing) Network Service Limited), though the Company has been advised that the expected timeline can be highly uncertain. Thereafter, the Company would seek to regain the control of Show Times CQ Technology via the Business Collaboration Agreements (as defined in the announcement of the Company dated 23 November 2020) and could then proceed to facilitate the Auditor to complete the auditing process for all the relevant subsidiaries. At the same time, the Company does not preclude the possibility of proposing to remove the Director concerned.

Further, as mentioned in the 1st Quarterly Update Announcement, as the Board considered that it has already maintained sufficient level of operations under Rule 13.24 of the Listing Rules to warrant the continued listing of its shares solely taking into account of in its Digital Marketing Business, the Company does not preclude the possibility of deconsolidating all the subsidiaries involved in the Online E-Commerce Platform Business of the Group (“**deconsolidation**”), which is at present reliant on the leadership and supervision of the Director concerned, the deconsolidation subject to the compliance with relevant accounting standards. The Company has been consulting with the Auditor with regards to the deconsolidation and would revisit such plan if the Company is unable to regain control of the subsidiaries concerned by end of 30 June 2025.

The Company would make further announcement(s) as and when appropriate.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 24 September 2024 and will remain suspended pending fulfilment of all the conditions stated in the Resumption Guidance.

Shareholders of the Company and potential investors should exercise caution when dealing in the Company's shares.

For and on behalf of
AM Group Holdings Limited

Teo Li Lian

Co-Chairlady, Executive Director and Chief Executive Officer

Hong Kong, 17 January 2025

As at the date of this announcement, the Board comprises three Executive Directors, namely Ms. Teo Li Lian (Co-Chairlady and Chief Executive Officer), Mr. Teo Kuo Liang and Mr. Mu Lei (Co-Chairman); and two Independent Non-executive Directors, namely Mr. Tan Kia Jing and Mr. Lee Shy Tsong