

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



AMBER HILL FINANCIAL HOLDINGS LIMITED

安山金控股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 33)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE FINAL RESULTS ANNOUNCEMENT FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2021

Reference is made to the final results announcement of Amber Hill Financial Holdings Limited (the “**Company**”) for the eighteen months ended 30 June 2021 (“**FP2021**”) which was published on 30 September 2021 (the “**Results Announcement**”) and the business update announcement which was published on 29 September 2021 (the “**Business Update Announcement**”). Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the Results Announcement and the Business Update Announcement.

As disclosed in the Results Announcement, the Auditors expressed a qualified opinion (the “**Qualified Opinion**”) on the consolidated financial statements of the Group for FP2021 in relation to (i) Deconsolidation of the Deconsolidated Subsidiaries; (ii) amount due to a Deconsolidated Subsidiary; (iii) limitation of scope on interest in an associate (the “**Associate**”); (iv) limitation of scope on trading of security products and provision of security services business segment; and (v) limitation of scope on impairment assessment of loan receivables and trade receivables (the “**Receivables**”).

In addition to the information provided in the Results Announcement, the board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide supplementary information in relation to the Qualified Opinion.

SUPPLEMENTAL INFORMATION ON AUDITORS' QUALIFIED OPINION

Deconsolidation of the Deconsolidated Subsidiaries (the “Qualification 1”)

In relation to the Deconsolidated Subsidiaries, the Deconsolidation has already been provided for in the consolidated financial statements during the year ended 31 December 2019 (“**FY2019**”). Accordingly, the circumstances leading to the Qualification 1 have only affected the closing balance for FY2019, and the Deconsolidation did not result in any impact on the profit or loss figures or balance sheet figures for FP2021. In view of the aforesaid and based on the consultation with the Auditors, the management of the Company is not aware of any circumstances suggesting that (i) the relevant assets and liabilities of the Company as at 30 June 2021; and (b) the relevant profit or loss figures for FP2021 are subject to material misstatement or qualification by the Auditors in relation to the Deconsolidation.

The circumstances leading to the Qualification 1 have only affected the closing balance for FY2019, and the Deconsolidation did not result in any impact on the profit or loss figures or balance sheet figures for FP2021. Besides, the Company does not foresee any further impact resulting from the Deconsolidation on the profit or loss figures or balance sheet figures in the forthcoming financial year(s). Considering the above, the management of the Company is of the view the Qualification 1 has been addressed and will be removed in the consolidated financial statements for the year ending 30 June 2022 (the “**2022 consolidated financial statements**”).

The audit committee of the Company (the “**Audit Committee**”) and the Auditors concur with the management of the Company’s view that the Qualification 1 has been addressed, considering that the Deconsolidation is not expected to have any further impact on the profit or loss figures or balance sheet figures in the forthcoming financial year(s).

Amount due to a Deconsolidated Subsidiary (the “Qualification 2”)

The management of the Company has consulted the Auditors and was given to understand that the key information required by the Auditors in relation to its audit works on the amount due to the Deconsolidated Subsidiary includes: (i) access to the books and records of the Deconsolidated Subsidiary; and (ii) response from the Deconsolidated Subsidiary to the audit confirmation issued by the Auditors regarding the amount due to the Deconsolidated Subsidiary.

Since January 2020, the Company has made repeated attempts to obtain the necessary support from the management of the Deconsolidated Subsidiary and to gain access to the books and records of the Deconsolidated Subsidiary, but all such attempts were in vain. Further, no response was received by the Auditors for its audit confirmation regarding the amount due to the Deconsolidated Subsidiary. The Company has since taken various actions, including (i) engaging its PRC legal advisers to take legal actions to uphold its shareholders’ rights with respect to the Deconsolidated Subsidiary; and (ii) seeking suitable buyer(s) to dispose of its interest in the Deconsolidated Subsidiary.

As mentioned in the Business Update Announcement, on 29 September 2021, the Group entered into the Disposal Agreement with the Purchaser in respect of disposal of, among other things, the Company's interests in the Deconsolidated Subsidiary. Completion is conditional upon the Company and the Purchaser having obtained all necessary consents, agreements and approvals for the disposal contemplated under the Disposal Agreement, and is expected to take place on or before 31 October 2021. The management of the Company has consulted the Auditors and was given to understand that the Qualification 2 is expected to be addressed upon the completion of the Disposal Agreement. Accordingly, if the completion of the Disposal Agreement takes place on or before 31 October 2021 as expected, the Qualification 2 would only be on the FP2021 comparative figures on the 2022 consolidated financial statements.

The Audit Committee is of the view that the Company has used reasonable endeavour to address the Qualification 2, after considering that (i) the Company has made repeated attempts to obtain the necessary support from the management of the Deconsolidated Subsidiary and to gain access to the books and records of the Deconsolidated Subsidiary; (ii) the Company has engaged its PRC legal advisers to take legal actions to uphold its shareholders' rights with respect to the Deconsolidated Subsidiary; and (iii) the Company has successfully identified a purchaser which conditionally agreed to purchase the Group's interest in the Deconsolidated Subsidiary.

Limitation of scope on interest in an associate (the "Qualification 3")

The management of the Company has consulted the Auditors and was given to understand that the Qualification 3 concerned only the profit or loss figures for FP2021 and did not have any impact on the balance sheet figures for FP2021. In view of the aforesaid and based on the consultation with the Auditors, the management of the Company is not aware of any circumstances suggesting that the relevant assets the Company as at 30 June 2021 are subject to material misstatement or qualification by the Auditors in relation to the Associate.

As the management of the Associate refused to cooperate with the Company in providing access to its books and records, the Company has since consulted its PRC legal advisers on the possible course of legal actions available under the PRC laws. In June 2020, the Group has further engaged its PRC legal advisers to issue legal letter to the Associate to uphold its shareholders' rights with respect to the Associate, and in response the Associate has refused the request of the Group. Meanwhile, numerous attempts had also been made by the Company to liaise with the management of the Associate, but the management of the Associate remained uncooperative. In view of the aforesaid actions taken, the management of the Company has used reasonable endeavor to obtain the requisite information from the management of Associate for the financial reporting and audit works in respect of FY2019 and FP2021.

The Audit Committee and the Auditors concur with the management of the Company's view as set out above, after considering that: (i) the Qualification 3 concerned only the profit or loss figures and did not affect the balance sheet figures for FP2021; and (ii) the Company has addressed the Qualification 3 through the Associate Disposal.

Limitation of scope on trading of security products and provision of security services business segment (the “Qualification 4”)

The management of the Company has consulted the Auditors and was given to understand that the Qualification 4 concerned only the profit or loss figures for FP2021 and did not affect the balance sheet figures for FP2021. After discussions with the Auditors, the management of the Company is not aware of any circumstances suggesting that the relevant assets of the Company as at 30 June 2021 are subject to material misstatement or qualification by the Auditors in relation to the discontinued operation.

In light of the Dewe Disposal and ISN Disposal during FP2021, the Auditors are of the view that adequate measures have already been taken by the Company to address the Qualification 4. It is expected that the Qualification 4 would only be on the FP2021 comparative figures on the 2022 consolidated financial statements.

The Audit Committee concurs with the management of the Company’s view as set out above, after considering that: (i) the Qualification 4 concerned only the profit or loss figures for FP2021 and did not affect the balance sheet figures for FP2021; and (ii) the Company has addressed the Qualification 4 through the Dewe Disposal and ISN Disposal.

Limitation of scope on impairment (the “Impairment”) assessment of the Receivables (the “Qualification 5”)

For FY2019, the Group made full provision for the Impairment on the Receivables of its subsidiary (the “**Subsidiary**”). The management of the Company has consulted the Auditors and was given to understand that the key information required by the Auditors in relation to its audit works for the Receivables includes (i) response from the borrowers to the audit confirmation issued by the Auditors; (ii) the financial status of the borrowers and their abilities to repay the Receivables; and (iii) the value of the underlying collaterals provided by the borrowers.

The Company had consulted its Hong Kong legal advisers and the PRC legal advisers and was given to understand that there is a high level of uncertainties associated with the recovery prospect of the loans and there were significant hurdles in realising the collaterals and enforcing the personal guarantees under the security documents of the loans. Some of the borrowers had also been ruled as dishonest persons by the PRC courts. Subsequently, based on the advice of its Hong Kong legal advisers, the Company commenced legal actions against some of the borrowers with apparent connection with Hong Kong but there is no success so far. Further, no response was received by the Auditors regarding its audit confirmation issued to the borrowers in relation to the Receivables.

As mentioned in the Business Update Announcement, on 29 September 2021, the Group entered into the Disposal Agreement with the Purchaser in respect of disposal of, among other things, the Company’s interests in the Subsidiary. Completion is conditional upon the Company and the Purchaser having obtained all necessary consents, agreements and approvals for the disposal contemplated under the Disposal Agreement, and is expected to take place on or before 31 October 2021.

The management of the Company has consulted the Auditors and was given to understand that since full provision for the Impairment on the Receivables had already been made during FY2019, the Qualification 5 would only affect the amount and allocation of profit or loss on the Receivables between FY2019 and FP2021. It is expected that the Qualification 5 would only be on the FP2021 comparative figures on the 2022 consolidated financial statements.

The Audit Committee is of the view that the Company has used reasonable endeavour to address the Qualification 5, after considering that (i) the Company has sought advice from its Hong Kong and PRC legal advisers regarding the recovery of the Receivables; (ii) based on the legal advice obtained, the Company has engaged its Hong Kong legal advisers to take actions against the borrowers; and (iii) the Company has successfully identified a purchaser which conditionally agreed to purchase the Group's interest in the Subsidiary.

On behalf of the Board
Amber Hill Financial Holdings Limited
Ng Yu
Chairman & Executive Director

Hong Kong, 22 October 2021

As at the date of this announcement, (i) the executive Directors of the Company are Dr. Ng Yu and Mr. Lin Feng; (ii) the non-executive Director of the Company is Mr. Dai Chengyan; and (iii) the independent non-executive Directors of the Company are Mr. Anthony Espina, Mr. Wang Jun Sheng and Mr. Lo Hang Fong.