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

(Incorporated in Bermuda with limited liability)

(Stock Code : 630)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

RESULTS

The board (the "Board") of directors (the "Directors") of AMCO United Holding Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020, together with the comparative figures for the previous year, as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	**2020** ***HK$'000***	2019 *HK$'000*
Revenue	*4*	**53,768**	67,707
Cost of sales and services		**(40,468)**	(48,914)
Gross profit		**13,300**	18,793
Other income and other gains or losses	*5*	**3,107**	(10,454)
Distribution costs		**(40)**	(130)
Administrative expenses		**(48,844)**	(39,933)
Finance costs		**(3,064)**	(3,077)
Loss before income tax	*6*	**(35,541)**	(34,801)
Income tax credit	*7*	**572**	255
Loss for the year attributable to owners of the Company		**(34,969)**	(34,546)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**832**	–
Total comprehensive loss for the year attributable to owners of the Company		**(34,137)**	(34,546)
Loss per share			
Basic and diluted	*8*	**HK(1.71) cents**	HK(1.85) cents

* *For identification purposes only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	**2020** **HK$'000**	2019 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**277**	2,194
Intangible assets		**–**	3,470
Equity instrument at fair value through profit or loss		**35,851**	–
		36,128	5,664
Current assets			
Inventories		**34**	34
Held-for-trading investments		**23,969**	14,277
Trade and other receivables	*9*	**148,494**	160,554
Cash and cash equivalents		**4,131**	12,288
		176,628	187,153
Current liabilities			
Trade and other payables	*10*	**46,578**	53,214
Lease liabilities		**413**	1,354
		46,991	54,568
Net current assets		**129,637**	132,585
Total assets less current liabilities		**165,765**	138,249
Non-current liabilities			
Bond payables		**33,666**	30,666
Deferred tax liability		**–**	572
Lease liabilities		**6**	724
		33,672	31,962
Net assets		**132,093**	106,287
EQUITY			
Share capital		**24,189**	18,627
Reserves		**107,904**	87,660
Total equity		**132,093**	106,287

NOTES

1. General information

AMCO United Holding Limited (the "Company") was incorporated in Bermuda with limited liability on 19 August 1994 as an exempted company under the Companies Act 1981 of Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 28 November 1996. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at Unit 1104, Crawford House, 70 Queen's Road Central, Central, Hong Kong.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in (i) sale of medical products; (ii) sale of plastic moulding products; (iii) provision of construction services in building construction, building maintenance and improvement works, project management, renovation and decoration works; (iv) provision of money lending; and (v) investment in securities.

2. Basis of preparation and changes in accounting policies

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at their fair value at the end of the reporting period.

(a) New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of HKICPA for the first time in the current year:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Reporting

The Group has not early applied any new and amendments to HKFRSs that is not yet effective in the current year except for the amendment to HKFRS 16 *COVID-19 Related Rent Concessions*. Impact on the applications of these amendments to HKFRSs are summarised in note 2(c).

Except as described in note 2(c), the application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) Application of new and amendments to HKFRSs that have been issued but are not yet effective

The following new and amendments to HKFRSs have been issued, but are not yet effective and have not been early applied by the Group.

HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

[1] Effective for annual periods beginning on or after 1 January 2021
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after 1 January 2023
[4] Effective for annual periods beginning on or after a date to be determined

The directors anticipate that the application of these new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

(c) Changes in accounting policies

Amendment to HKFRS 16 COVID-19-Related Rent Concessions

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 pandemic and only if all of the following criteria are satisfied:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. In accordance with the transitional provisions, the Group has applied the amendment retrospectively, and has not restated prior period figure. As the rent concessions have arisen during the current financial period, there is no retrospective adjustment to opening balance of accumulated losses as at 1 January 2020 on initial application of the amendment.

3. Segment reporting

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") that are used to make strategic decisions.

The Group has five reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

(1) Sale of medical products ("Medical Products");

(2) Sale of plastic moulding products ("Plastic Products");

(3) Provision of construction services in building construction, building maintenance and improvement works, project management, renovation and decoration works ("Building Contract Works Business");

(4) Provision of money lending ("Money Lending"); and

(5) Investment in securities ("Securities Investment").

Corporate revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segment results that is used by the CODM for assessment of segment performance.

The following is an analysis of the Group's revenue and results by reportable segment:

(a) Business segments

For the year ended 31 December 2020

	Medical Products *HK$'000*	Plastic Products *HK$'000*	Building Contract Works Business *HK$'000*	Money Lending *HK$'000*	Securities Investment *HK$'000*	Total *HK$'000*
Revenue from external customers	25,785	1,058	16,332	10,593	–	53,768
Timing of revenue recognition						
At a point in time	25,785	1,058	–	–	–	26,843
Over time	–	–	16,332	–	–	16,332
	25,785	1,058	16,332	–	–	43,175
Reportable segment profit/(loss)	1,098	85	(10,737)	(12,064)	1,030	(20,588)
Reportable segment assets	27,283	689	8,402	109,301	26,488	172,163
Reportable segment liabilities	(28,410)	(2,231)	(3,924)	(3,075)	–	(37,640)
Amounts included in the measure of segment results or segment assets						
Interest income	–	–	–	1	–	1
Depreciation	(644)	–	(325)	(62)	–	(1,031)
Impairment loss recognised in respect of property, plant and equipment	–	–	(433)	–	–	(433)
Impairment loss recognised in respect of intangible assets	–	–	(3,470)	–	–	(3,470)
Impairment loss under expected credit loss model	(335)	(9)	(3,542)	(22,379)	(24)	(26,289)
Additions to non-current assets	–	–	–	135	–	135

For the year ended 31 December 2019

	Medical Products *HK$'000*	Plastic Products *HK$'000*	Building Contract Works Business *HK$'000*	Money Lending *HK$'000*	Securities Investment *HK$'000*	Total *HK$'000*
Revenue from external customers	17,612	1,374	37,294	11,427	–	67,707
Timing of revenue recognition						
At a point in time	17,612	1,374	–	–	–	18,986
Over time	–	–	37,294	–	–	37,294
	17,612	1,374	37,294	–	–	56,280
Reportable segment (loss)/profit	(905)	(45)	(11,298)	10,540	(10,942)	(12,650)
Reportable segment assets	3,931	143	22,003	132,760	21,056	179,893
Reportable segment liabilities	(4,649)	(1,283)	(9,149)	(28,798)	–	(43,879)
Amounts included in the measure of segment results or segment assets						
Interest income	–	1	–	3	–	4
Depreciation	(486)	(261)	(583)	–	–	(1,330)
Impairment loss recognised in respect of property, plant and equipment	–	–	(338)	–	–	(338)
Impairment loss recognised in respect of goodwill	–	–	(6,379)	–	–	(6,379)
Impairment loss recognised in respect intangible assets	–	–	(1,546)	–	–	(1,546)
Impairment loss under expected credit loss model	–	–	(351)	(625)	–	(976)
Additions to non-current assets	1,267	–	1,332	–	–	2,599

(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	2020	2019
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**53,768**	67,707
Loss before income tax		
Reportable segment loss	**(20,588)**	(12,650)
Finance costs	**(3,064)**	(3,077)
Unallocated corporate income	**633**	157
Unallocated corporate expenses	**(12,522)**	(19,231)
Consolidated loss before income tax	**(35,541)**	(34,801)
Assets		
Segment assets	**172,163**	179,893
Equity instrument at FVTPL	**35,851**	–
Cash and cash equivalents	**4,131**	12,288
Unallocated corporate assets	**611**	636
Consolidated total assets	**212,756**	192,817
Liabilities		
Segment liabilities	**37,640**	43,879
Bond payables	**33,666**	30,666
Unallocated corporate liabilities	**9,357**	11,985
Consolidated total liabilities	**80,663**	86,530

Reportable segment profit/(loss) represents the profit/(loss) attributable to each segment without allocation of central administrative expenses, corporate directors' emoluments, corporate income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

All assets are allocated to reportable segments other than partial cash and cash equivalents and corporate assets.

All liabilities are allocated to reportable segments other than bond payables and corporate liabilities.

(c) Geographic information

The geographical location of customers is based on the location at which the goods delivered or services provided. The geographical location of the non-current assets is based on the physical and operating location of the assets.

The following table provides an analysis of the Group's revenue from external customers.

	2020	2019
	HK$'000	*HK$'000*
Asia Pacific		
– Hong Kong	**52,710**	48,721
– other regions	**–**	42
Europe	**–**	289
North and South America	**1,058**	18,655
	53,768	67,707

The following table provides an analysis of the Group's non-current assets.

	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**277**	5,664
PRC	**35,851**	–
	36,128	5,664

(d) Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are set out below:

	2020	2019
	HK$'000	*HK$'000*
Customer A – Building Contract Works	**11,908**	15,475
Customer B – Medical Products	**5,675**	–
Customer C – Medical Products	**–**	17,612
Customer D – Building Contract Works	**–**	12,492

4. Revenue

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15:		
Sales of medical products	**25,785**	17,612
Sales of plastic moulding products	**1,058**	1,374
Revenue from construction contracts	**16,332**	37,294
	43,175	56,280
Revenue from other sources:		
Loan interest income	**10,593**	11,427
	53,768	67,707

5. Other income and other gains or losses

	2020	2019
	HK$'000	*HK$'000*
Exchange (loss)/gain, net	**(196)**	59
Loss on disposal of property, plant and equipment	**–**	(133)
Realised gain on change in fair value of held-for-trading investments	**32**	–
Gain/(loss) on change in fair value of held-for-trading investments	**1,058**	(10,941)
Gain on change in fair value of equity investment at FVTPL	**202**	–
Interest income	**1**	5
Government grant	**785**	–
Gain on disposal of a subsidiary	**62**	–
Gain on early termination of lease arrangement	**12**	–
COVID-19 related rent concessions	**77**	–
Others	**1,074**	556
	3,107	(10,454)

6. Loss before income tax

The Group's loss before income tax is arrived at after charging:

	2020	2019
	HK$'000	*HK$'000*
Staff costs (including Directors' emoluments)		
– Salaries, wages and other benefits	**6,888**	13,573
– Contributions to defined contribution retirement plan	**228**	288
– Share-based payment expenses	**5,068**	2,505
	12,184	16,366
Depreciation of property, plant and equipment (including right-of-use assets)	**1,036**	1,349
Auditor's remuneration	**450**	500
Expenses relating to short-term leases and low-value asset	**115**	660
Impairment loss on property, plant and equipment	**433**	338
Impairment loss recognised in respect of goodwill	**–**	6,379
Impairment loss recognised in respect of intangible asset	**3,470**	1,546
Impairment loss recognised/(reversed) under expected credit loss model on		
– trade receivables	**1,339**	353
– retention receivables	**(9)**	(2)
– loan receivables	**22,379**	625
– deposits and other receivables	**2,580**	–
	26,289	976
Share-based payment expenses (other than staff costs)	**–**	2,504
Cost of inventories sold (included in cost of sales and services)	**25,919**	14,501
Cost of services rendered (included in cost of sales and services)	**14,549**	34,312

7. Income tax credit

	2020	2019
	HK$'000	*HK$'000*
Deferred tax credit – current year	**572**	255
Income tax credit	**572**	255

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No Hong Kong Profits Tax was provided for both years as members of the Group did not derive any estimated assessable profits or had sufficient tax losses brought forward to offset against the estimated assessable profits for the years ended 31 December 2020 and 2019.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. No PRC Enterprise Income Tax was provided for both years as members of the Group did not derive any estimated assessable profits.

8. Loss per share

(a) Basic loss per share

The computation of the basic loss per share is based on the following data:

	2020	2019
	HK$'000	*HK$'000*
Loss		
Loss for the year for the purpose of computation of basic loss per share	**(34,969)**	(34,546)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of computation of basic loss per share	**2,045,102**	1,862,679

(b) Diluted loss per share

Diluted loss per share was the same as basic loss per share because there was no potential dilutive ordinary share in issue for both years.

The Company's outstanding share options as at 31 December 2020 and 2019 were not taken into account as they had an anti-dilutive effect for both years which would result in a reduction in the loss per share.

9. Trade and other receivables

	2020	2019
	HK$'000	*HK$'000*
Trade receivables from contracts with customers *(Note (i))*	**29,117**	8,234
Less: Allowance for credit losses	**(2,038)**	(699)
	27,079	7,535
Retention receivables from contracts with customers *(Note (ii))*	**2,801**	5,239
Less: Allowance for credit losses	**(18)**	(27)
	2,783	5,212
Loan receivables *(Note (iii))*	**135,467**	136,582
Less: Allowance for credit losses	**(26,257)**	(3,878)
	109,210	132,704
Deposits, prepayments and other receivables	**9,422**	15,103
Total trade and other receivables	**148,494**	160,554

Notes:

(i) The Group allows an average credit period of 30 to 90 days (2019: 30 to 90 days) to its trade customers. The ageing analysis of trade receivables (net of allowance for credit losses) based on invoice date is as follows:

	2020	2019
	HK$'000	*HK$'000*
0 to 90 days	**17,652**	3,088
91 to 180 days	**9,145**	298
Over 180 days	**282**	4,149
	27,079	7,535

(ii) Retention receivables are derived from the Building Contract Works Business and are interest-free and recoverable at the end of the retention period of individual construction contracts ranging from 3 months to 1 year.

(iii) Loan receivables represent outstanding principals and interest receivables arising from the Money Lending Business of the Group. All of the loan receivables are entered with contractual maturity within 12 months. The Group seeks to maintain strict control over its loan receivables in order to minimise credit risk by reviewing the borrowers' financial positions.

The loan receivables are interest-bearing at rates mutually agreed between the contracting parties, ranging from 6% to 12% per annum (2019: 6% to 12% per annum). All of the loan receivables were unsecured as at 31 December 2020 and 2019.

10. Trade and other payables

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**28,972**	6,892
Retention payables	**1,864**	2,557
Contract liabilities	**–**	50
Accruals and other payables	**15,742**	43,715
	46,578	53,214

The following is an ageing analysis of trade payables presented based on invoice date at the end of the reporting period:

	2020	2019
	HK$'000	*HK$'000*
Within 3 months	**1,392**	4,607
Over 3 months but within 6 months	**25,361**	200
Over 6 months	**2,219**	2,085
	28,972	6,892

The average credit period on trade purchases is 30 to 90 days (2019: 30 to 90 days).

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS, BUSINESS REVIEW AND PROSPECTS

Results

The total revenue of the Group decreased HK$13.9 million or 20.5%, from HK$67.7 million last year to HK$53.8 million for the year ended 31 December 2020. Such a decrease was mainly attributable to the decrease in revenue from the provision of construction services in building construction, building maintenance and improvement works, project management, renovation and decoration works ("Building Contract Works Business").

Gross profit of the Group was HK$13.3 million, representing a decrease of HK$5.5 million or 29.3% as compared to HK$18.8 million in 2019. Gross profit margin decreased by 3.1 percentage points to 24.7% (2019: 27.8%), primarily as a result of gross profit margin contributed from the Building Contract Works Business and provision of money lending ("Money Lending Business").

Other gain, net of other income and other gains, during the year under review recorded HK$3.1 million, a turnaround from other losses of HK$10.5 million in the corresponding year of 2019, which was mainly attributable to the unrealised fair value gain of held-for-trading investments arising from the business of investment in securities ("Securities Investment").

The distribution costs declined by HK$90,000 to HK$40,000 during the year under review (2019: HK$130,000), representing a reduction of 69.2% over the corresponding year of 2019, alongside with the decrease in revenue of sale of plastic products ("Plastic Products"). The administrative expenses amounted to HK$46.3 million, which increased HK$6.4 million or 16.0% as compared to that of HK$39.9 million for the corresponding year of 2019, primarily as a result of the combined effect of the impairment losses recognised on intangible asset, loss allowance for expected credit loss on trade and other receivables and the share-based payment expenses incurred in current year, and decrease in staff costs and other general administrative costs under stringent cost control during the year.

Finance costs amounted to HK$3.1 million (2019: HK$3.1 million) for the year under review, which represented interest on bond payables and lease liabilities.

As a result, the overall loss attributable to owners of the Company was HK$35.0 million, which increased by HK$0.5 million or 1.4% as compared to HK$34.5 million loss for the corresponding year of 2019.

Business Review

Medical Products

For the year ended 31 December 2020, the Medical Products recorded revenue of HK$25.8 million, which increased by 46.6% or HK$8.2 million as compared to that of HK$17.6 million in the previous year. This amount represented 48.0% of the Group's total revenue for the year under review. In 2020, due to the outbreak of COVID-19, the demand of the medical-related products increase, causing sales demand and revenue of the sale of medical products ("Medical Products") to increase during the current year.

Segment profit of the Medical Products amounted to HK$1.1 million for the year ended 31 December 2020, as compared to segment loss of HK$0.9 million in the corresponding year of 2019, which was caused by the increase in sales order. To cope with the challenge of fluctuating sales order, the Group is persisting to deploy business strategies of streamlining and outsourcing of business processes, implementing strict cost control and ensuring effective utilisation of resources with an aim to maintain its long-term sustainable competitive advantages in the business segment. In the meantime, the Group is actively exploring and identifying potential business opportunities to expand its customer base of the business segment in order to broaden the income streams of the Medical Products.

Plastic Products

The revenue from the Plastic Products decreased by 21.4% or HK$0.3 million to HK$1.1 million, as compared to HK$1.4 million in the previous year, which accounted for 2.0% of the Group's total revenue for the year under review. A majority of plastic moulding products have suffered from declined sales orders as relevant customers' end products have reached the end of their product life cycle, causing continuous decline in revenue of the Plastic Products during the year under review. In view of this, the Group has ceased the production of the majority of those products which contributed a relatively low gross profit margin, and has only been accepting small number of production orders of mould fabrication and some products, which have a relatively higher gross profit margin.

With persistent efforts in the improvement in profit margins of sales orders and cost control in the reduction of distribution costs and administrative expenses, segment results of the Plastic Products turnaround to profit of approximately HK$85,000 for the year under review, as compared to loss of approximately HK$45,000 for the corresponding year of 2019. In November 2020, the Group has completed a capital injection of Chongqing Zhongxunwei Automobile Supply Chain Management Company Limited which should able to further develop the Plastic Products in the foreseeable future.

Building Contract Works Business

For the year ended 31 December 2020, revenue from the Building Contract Works Business generated by ACE Engineering Limited ("ACE Engineering"), a wholly-owned subsidiary of the Company, amounted to HK$16.3 million, representing a decrease of HK$21.0 million or 56.3% as compared to HK$37.3 million for the corresponding year of 2019, which contributed 30.4% of the Group's total revenue for the year under review. The decrease in revenue was primarily due to (i) substantial completion of several significant public and private contracts during the previous year; and (ii) decrease in awards of projects in both public and private sectors, under the more stringent and competitive market environment of the building construction and maintenance industry caused by slower growth of the industry as well as negative effect of outbreak of COVID-19 during the year. This business recorded a gross profit of HK$1.7 million (2019: HK$3.0 million) and gross profit margin of 10.4% (2019: 8.0%). The increase in gross profit margin was primarily attributable to increase in awards of projects in the private sector which yielded higher margins in price; segment loss of this business decreased to HK$10.7 million for the year ended 31 December 2020, as compared to that of HK$11.3 million for the corresponding year of 2019, primarily as a result of (i) increase in gross profit margin; and (ii) an impairment loss on goodwill and intangible asset of HK$3.4 million (2019: HK$7.9 million) recognised in the current year mainly due to the performance of this business had not matched the anticipation of the management owing to the decrease in awards of projects for the year.

As at 31 December 2020, approximately HK$7.6 million of the aggregate contract sums was still outstanding and those twelve construction projects were pending to be completed within next two years.

Despite the business generated segment loss during the year under review and the stringent market environment of the building construction and maintenance industry, the Group will continue to deploy efforts in tendering for projects in both public and private sectors, particularly projects which yield higher margins in price, and make concerted efforts in controlling and managing contract and operating costs, in order to facilitate improvement in results of this business.

Money Lending

For the year ended 31 December 2020, the Group recorded loan interest income of HK$10.6 million from its Money Lending, representing a decrease of HK$0.8 million or 7.0% as compared to HK$11.4 million for the previous year, which accounted for 19.7% of the Group's total revenue for the year under review. Segment loss of the Money Lending amounted to HK$12.1 million (2019: profit of HK$10.5 million). The outstanding principal and interest amount of loan receivables as at 31 December 2020 was HK$135.5 million (31 December 2019: HK$136.6 million). In view of the current economic environment and consider several factors including but not limited to historical defaults of the debtors of the Company, loss allowance for expected credit loss of HK$26.3 million has been made for loan receivables as at 31 December 2020 under the expected loss model (31 December 2019: HK$3.9 million). The Group will continue to develop this business by employing prudent credit control procedures and strategies to hold a balance between the business growth and the risk management.

Securities Investment

During the year under review, the Group recorded realised gain of approximately HK$32,000 (2019: nil) and unrealised gain of HK$1.1 million (2019: loss of HK$10.9 million) arising on change in fair value of held-for-trading investments of listed equity securities in Hong Kong for the year ended 31 December 2020. No dividend income was received from the held-for-trading investments during the year under review (2019: nil). Segment profit of the Securities Investment amounted to HK$1.0 million (2019: loss of HK$10.9 million).

As at 31 December 2020, the Group held 14 listed equity securities in Hong Kong with the fair value of HK$24.0 million. In light of the recent volatile financial market in Hong Kong, the Group intends to diversify its investment portfolio in order to reduce the relevant concentration and investment risks and will closely monitor the performance of this business. The Group will keep adopting a prudent investment attitude and develop its investment strategy with the aim to improve the capital usage efficiency and generate additional investment returns on the idle funds of the Group.

Details of the Group's top two held-for-trading investments, in terms of fair value as at 31 December 2020, are as follows:

Company Name/Stock Code	**% of shareholding as at 31 December 2020**	**Fair value gain/(loss) for the year ended 31 December 2020**	**Fair value as at 31 December 2020**	**% of total assets of the Group as at 31 December 2020**
		HK$'000	*HK$'000*	
Securities listed in Hong Kong				
China e-Wallet Payment Group Limited ("China e-Wallet") (802) *(Note (a))*	1.859%	306	6,069	2.8%
WLS Holdings Limited ("WLS") (8021) *(Note (b))*	1.359%	1,562	5,858	2.7%
Others *(Note (c))*		(810)	12,042	5.6%
		1,058	23,969	11.1%

Notes:

(a) China e-Wallet is principally engaged in the provision of internet and mobile application and distribution of computer-related and mobile-related electronic products and accessories. As disclosed in the interim report of China e-Wallet for the six months ended 30 June 2020, it recorded unaudited net loss attributable to its owners of HK$19.3 million for the six months ended 30 June 2020. With regards to the future prospects of China e-Wallet, the Directors noted that China e-Wallet would expect that the worst case scenario caused by the trade war have been taken into account by most of its customers. However, the newly restructuring of the global supply chain, especially the new supply chain eco-system in China, will take time to see its contributions towards the market. Hence, China e-Wallet expects the demand for its services to remain inertial.

(b) WLS is principally engaged in the provision of scaffolding and fitting out services and other services for construction and buildings work, provision of gondolas, parapet railings and access equipment installation and maintenance services, money lending business, securities investment business and assets management business. As disclosed in the third quarterly report of WLS for the nine months ended 31 January 2021, it recorded unaudited net loss from continuing operations attributable to its owners of HK$20.6 million for the nine months ended 31 January 2021. With regards to the future prospects of WLS, the Directors noted that WLS remains cautiously optimistic about overall prospects for its scaffolding sector. WLS will continue to promote the use of the "Pik Lik" brand scaffolding system to help improve overall efficiency while boosting the revenue and market share of its scaffolding services division. WLS will also continue to focus on those business segments that generate higher profit margins and show ample growth potential such as money lending operations. In the meantime, WLS will strictly adhere to its cost control policy, and swiftly adjust business strategies to its scaffolding business in response to ever-changing market dynamics in order to generate better financial returns for its shareholders.

(c) None of these investments represented more than 5% of the total assets of the Group as at 31 December 2020.

Looking ahead, the Directors believe that the future performance of the above investments held by the Group will be volatile and substantially affected by overall economic environment, equity market conditions, investor sentiment and the business performance and development of the investee companies. Accordingly, the Group will continue to maintain a diversified portfolio of investment of various industries to minimise the possible financial risks. Also, the Directors will cautiously assess the performance progress of the investment portfolio from time to time.

Prospects

Facing elevated challenges as we step into the year 2021 with the outbreak of COVID-19 and slow down of the economy as well as the highly volatile financial market in Hong Kong and globally, the Group will persist to build on its diversified business portfolio and focus its steps to formulate, evaluate and modify business strategies of our existing businesses in order to facilitate and motivate their business development and stabilise any downturn impact. To cope with the business development of the business segments, the Group will strive to deploy effective and sufficient capital and resources allocation in respect of the different business segments, and actively reallocate its assets, funding and labour force in response to the changing market and industry conditions and business results. The Group will conduct constant and dynamic performance appraisals and assessment to evaluate the ongoing business development. The Group will also concentrate on maintaining liquidity by effectively managing working capital and controlling costs, and leveraging operation efficiency by adhering to its lean organisation structure, in light of any difficulties which may be encountered under the uncertainties in the economy and financial market.

Alongside with the continuing evolution and modification of business strategies to develop our existing businesses, the Group will continue to seek optimisation of its business portfolio by adjusting it to adapt to the changing business climate, trend and environment, and at the same time proactively exploring and exploiting every potentially profitable business and investment opportunity as well as new growth potentials, with the ultimate goal of developing its business to generate and maximise shareholders' value and return and maintain sustainable growth and prosperity.

FINANCIAL REVIEW

Capital structure

As at 31 December 2020, the Group's consolidated net assets was HK$132.1 million, representing an increase of HK$25.8 million as compared to that of HK$106.3 million as at 31 December 2019.

During the year ended 31 December 2020, except for 186,200,000 shares issued upon the exercise of share options, the Company has also completed a placing of shares (the "Placing") which a total of 370,000,000 placing shares have been placed on 29 October 2020. For details, please refer to the Company's announcement dated 6 October 2020 and 29 October 2020.

The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing amounted to approximately HK$36.4 million. The Company intends to use such net proceeds of approximately HK$34.2 million for the capital injection which announced on 6 October 2020 (the "Capital Injection") and of approximately HK$2.2 million for the general working capital of the Group and improve the cash position of the Group which then can help establishing and strengthening the existing and future business of the Group.

During the year ended 31 December 2020, the Group has applied the net proceeds from the Placing as follows:

	Net proceeds *(HK$'000)*		
	Available	**Utilised**	**Unutilised**
Purposes			
– Capital Injection	34,200	34,200	–
– General working capital	2,200	–	2,200
	36,400	34,200	2,200

The unutilised net proceeds are placed in the bank accounts of the Group.

As at 31 December 2020, the Company has 2,418,879,481 ordinary shares of HK$0.01 each in issue.

Debt structure

As at 31 December 2020 and 2019, the Group's total borrowings from financial institutions were zero. The Group's total cash and bank balances amounted to HK$4.1 million as at 31 December 2020, which decreased HK$8.2 million as compared to that of HK$12.3 million as at 31 December 2019.

As at 31 December 2020, the Company had bond payables of HK$33.7 million which represented unlisted bonds issued to an independent third party with an aggregate principal amount of HK$30 million in October 2018. The bonds are unsecured and issued at the fixed interest rate of 10% per annum and will mature on the date falling on the 36 months after the date of issue of the bonds (i.e. 12 October 2021).

The Group's gearing ratio was 22.7% as at 31 December 2020 (31 December 2019: 19.2%). The ratio was determined by net debt, which was defined as total interest-bearing liabilities comprising bond payables and lease liabilities less cash and cash equivalents, over shareholders' equity.

Working capital and liquidity

As at 31 December 2020, the Group's current ratio was 3.8 (31 December 2019: 3.4). Inventory turnover on sales was 0 day (31 December 2019: 0 day). Receivable turnover was 119 days (31 December 2019: 73 days).

Contingent liabilities and charges

As at 31 December 2020 and 2019, the Group had not pledged any assets to secure bank facilities and other borrowings. The Group had no material contingent liabilities as at 31 December 2020 and 2019.

Foreign currency exposure

The Group's monetary assets, liabilities and transactions are mainly denominated in United States dollars, Renminbi and Hong Kong dollars. Since Hong Kong dollars are pegged to United States dollars and the exchange rate of Renminbi to Hong Kong dollars was relatively stable during the year, the Group's exposure to the potential foreign currency risk was relatively limited.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group's employees number was 31 (31 December 2019: 44). The Group's employees are remunerated largely based on their performance and experience, alongside with the current industry practices. Remuneration packages of employees include salaries, insurance, mandatory provident fund and share option scheme. Other employee benefits include medical cover, housing allowance and discretionary bonuses.

SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") was adopted by the Company on 30 June 2015.

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.

On 4 May 2020, the Company had granted share options to the eligible participants to subscribe for a total of 186,200,000 ordinary shares of HK$0.01 each in the capital of the Company at the exercise price of HK$0.087 per share for a validity period from 4 May 2020 to 3 May 2025 pursuant to the Share Option Scheme.

Details of the above grant of share options are set out in the Company's announcement dated 4 May 2020.

As at 31 December 2020, the total number of shares available for issue under share options granted under the Share Option Scheme was 372,400,000. Movement of share options during the year ended 31 December 2020 as below:

	Date of grant	Exercise price *HK$*	Exercise period	Vesting period	Outstanding at 1 January 2020	Granted during the year	Exercised during the year	Lasped/ Forfeited during the year	Outstanding at 31 December 2020
Directors									
Zhang Hengxin	4 May 2020	0.087	From 4 May 2020 to 3 May 2025	No	–	18,620,000	–	–	18,620,000
Jia Minghui	4 May 2020	0.087	From 4 May 2020 to 3 May 2025	No	–	18,620,000	–	–	18,620,000
Au Yeung Ming Yin Gordon	4 May 2020	0.087	From 4 May 2020 to 3 May 2025	No	–	18,620,000	–	–	18,620,000
Employees	4 May 2020	0.087	From 4 May 2020 to 3 May 2025	No	–	130,340,000	–	–	130,340,000
	26 April 2019	0.096	From 26 April 2019 to 25 April 2024	No	93,100,000	–	(93,100,000)	–	–
	26 July 2017	0.123	From 26 July 2017 to 25 July 2022	No	186,200,000	–	–	–	186,200,000
Other eligible participants	26 April 2019	0.096	From 26 April 2019 to 25 April 2024	No	93,100,000	–	(93,100,000)	–	–
					372,400,000	186,200,000	(186,200,000)	–	372,400,000

The closing price of the shares immediately before the date of share options granted on 4 May 2020 is HK$0.083.

FINAL DIVIDEND

No payment of dividends has been proposed by the Board in respect of the year ended 31 December 2020 (2019: Nil).

EVENTS AFTER THE REPORTING PERIOD

There is no significant event after the end of the reporting period of the Group.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all code provisions of the Corporate Governance Code ("CG Code") throughout the year ended 31 December 2020 as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for certain deviations disclosed herein.

Code provision A.1.3 of the CG Code requires notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend.

During the year, certain Board meetings were convened with less than 14 days' notice to enable the Board members to react timely and make expeditious decisions in respect of urgent corporate transaction and general business update which was significant in nature. As a result, the Board meeting was held with a shorter notice period than required with the consent of the Directors. The Board will do its best endeavor to meet the requirement of code provision A.1.3 of the CG Code in the future.

Code provision A.2.1 of the CG Code requires the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Zhang Hengxin was the Chairman and the Managing Director of the Company (the Company regards the role of its managing director to be the same as that of chief executive under the CG Code) during the year ended 31 December 2020. During the year under review, the Group has been streamlining its operations, including business development, operation efficiency and financial management. The Board considers that it would be in the best interest of the shareholders of the Company ("Shareholders") that the roles of the Chairman and the Managing Director of the Company be combined to enable a strong and dedicated leadership to reposition the Company and implement effective measures to improve Shareholders' value. In this light, the Company has maintained Mr. Zhang Hengxin as the Chairman and the Managing Director of the Company. The Company will review the current structure when and as it becomes appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by its Directors. Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the year ended 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Au Yeung Ming Yin Gordon (Chairman), Mr. Chan Tsz Keung and Mr. Guo Zhenhui. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including the review of the audited results for the year ended 31 December 2020.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners CPA Limited on the preliminary announcement.

APPRECIATION

On behalf of the Board, I would like to express appreciation to colleagues for their hard work and dedication in the past year. We will remain committed to achieving better results and maximising returns to our Shareholders.

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

Hong Kong, 31 March 2021

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.