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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 2021**

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 2021, 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 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	5	71,891	53,768
Cost of sales and services		(57,776)	(40,468)
Gross profit		14,115	13,300
Other income and other gains or losses	6	680	3,107
Distribution expenses		(718)	(40)
Administrative expenses		(14,789)	(22,555)
Impairment losses recognised under expected credit loss model, net of reversal		(14,362)	(26,289)
Finance costs		(3,034)	(3,064)
Loss before income tax	7	(18,108)	(35,541)
Income tax credit	8	–	572
Loss for the year attributable to owners of the Company		(18,108)	(34,969)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		839	832
Total comprehensive loss for the year attributable to owners of the Company		(17,269)	(34,137)
Loss per share			
Basic and diluted (<i>HK cents</i>)	9	(0.75)	(1.71)

* For identification purposes only

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,358	277
Equity instrument at fair value through profit or loss		21,418	35,851
		<u>22,776</u>	<u>36,128</u>
Current assets			
Inventories		2	34
Held-for-trading investments		42,592	23,969
Trade and other receivables	<i>10</i>	114,686	148,494
Cash and cash equivalents		4,721	4,131
		<u>162,001</u>	<u>176,628</u>
Current liabilities			
Trade and other payables	<i>11</i>	35,630	46,578
Bond payables		33,666	–
Lease liabilities		218	413
		<u>69,514</u>	<u>46,991</u>
Net current assets		<u>92,487</u>	<u>129,637</u>
Total assets less current liabilities		<u>115,263</u>	<u>165,765</u>
Non-current liabilities			
Bond payables		–	33,666
Lease liabilities		439	6
		<u>439</u>	<u>33,672</u>
Net assets		<u>114,824</u>	<u>132,093</u>
EQUITY			
Share capital		24,189	24,189
Reserves		90,635	107,904
Total equity		<u>114,824</u>	<u>132,093</u>

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”). The addresses of the registered office and the principal place of business of the Company are disclosed in the corporation information section to the annual report.

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.

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”) or thousands of units of HK\$ (“HK\$’000”), which is the same as the functional currency of the Company.

2. Basis of Preparation

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 Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at their fair value at the end of the reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. Application of Amendments to HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
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The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments 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
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
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 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction 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 HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

- ¹ Effective for annual periods beginning on or after 1 April 2021.
² Effective for annual periods 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 all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. Segment Reporting

The Group determines its operating segments based on the reports reviewed by the executive directors, being the chief operating decision-maker (the “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 Business”);
- (2) Sale of plastic moulding products (“Plastic Products Business”);
- (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 Business”); and
- (5) Investment in securities (“Securities Investment Business”).

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 segments:

(a) Segment revenue and results

For the year ended 31 December 2021

	Medical Products Business <i>HK\$’000</i>	Plastic Products Business <i>HK\$’000</i>	Building Contract Works Business <i>HK\$’000</i>	Money Lending Business <i>HK\$’000</i>	Securities Investment Business <i>HK\$’000</i>	Total <i>HK\$’000</i>
Revenue from external customers	<u>56,722</u>	<u>428</u>	<u>4,055</u>	<u>10,686</u>	<u>-</u>	<u>71,891</u>
Timing of revenue recognition						
At a point in time	56,722	428	-	-	-	57,150
Over time	-	-	4,055	-	-	4,055
	<u>56,722</u>	<u>428</u>	<u>4,055</u>	<u>-</u>	<u>-</u>	<u>61,205</u>
Reportable segment results	<u>510</u>	<u>(210)</u>	<u>(7,564)</u>	<u>1,024</u>	<u>15,505</u>	<u>9,265</u>

For the year ended 31 December 2020

	Medical Products Business <i>HK\$'000</i>	Plastic Products Business <i>HK\$'000</i>	Building Contract Works Business <i>HK\$'000</i>	Money Lending Business <i>HK\$'000</i>	Securities Investment Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	<u>25,785</u>	<u>1,058</u>	<u>16,332</u>	<u>10,593</u>	<u>–</u>	<u>53,768</u>
Timing of revenue recognition						
At a point in time	25,785	1,058	–	–	–	26,843
Over time	<u>–</u>	<u>–</u>	<u>16,332</u>	<u>–</u>	<u>–</u>	<u>16,332</u>
	<u>25,785</u>	<u>1,058</u>	<u>16,332</u>	<u>–</u>	<u>–</u>	<u>43,175</u>
Reportable segment results	<u>1,098</u>	<u>85</u>	<u>(10,737)</u>	<u>(12,064)</u>	<u>1,030</u>	<u>(20,588)</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue		
Reportable segment revenue	<u>71,891</u>	<u>53,768</u>
Reportable segment results	9,265	(20,588)
Finance costs	(3,034)	(3,064)
Unallocated corporate income	–	633
Unallocated corporate expenses	<u>(24,339)</u>	<u>(12,522)</u>
Consolidated loss before income tax	<u>(18,108)</u>	<u>(35,541)</u>

Reportable segment results represents the profit/(loss) attributable to each segment without allocation of loss on change in fair value of equity instrument at fair value through profit or loss (“FVTPL”), central administrative expenses, corporate directors’ emoluments under the heading of “unallocated corporate expenses”, corporate income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(c) Geographical information

Since over 90% of the Group’s revenue were generated from Hong Kong for both years and all of the Group’s non-current assets (excluded financial instruments) were located in Hong Kong, no geographical segment information in accordance with HKFRS 8 is presented.

5. Revenue

	2021 HK\$'000	2020 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Sales of medical products	56,722	25,785
Sales of plastic moulding products	428	1,058
Revenue from construction contracts	4,055	16,332
	<u>61,205</u>	<u>43,175</u>
Revenue from other sources:		
Loan interest income	10,686	10,593
	<u>71,891</u>	<u>53,768</u>

6. Other Income and Other Gains or Losses

	2021 HK\$'000	2020 HK\$'000
Exchange gain/(loss), net	2	(196)
Gain on disposal of property, plant and equipment	86	–
Realised gain on disposal of held-for-trading investments	20	32
Gain on change in fair value of held-for-trading investments	15,479	1,058
(Loss)/gain on change in fair value of equity instrument at FVTPL	(15,303)	202
Interest income	1	1
Government grants (<i>Note</i>)	253	785
Gain on disposal of a subsidiary	–	62
Gain on early termination of lease	–	12
COVID-19-related rent concessions	–	77
Others	142	1,074
	<u>680</u>	<u>3,107</u>

Note: The Group recognised government grants of in respect of Covid-19-related subsidies which relates to Employment Support Scheme and anti-epidemic fund subsidy provided by the Hong Kong government where appropriate as a support for both years. There were no unfulfilled conditions or contingencies relating to these government grants.

7. Loss Before Income Tax

The Group's loss before income tax is arrived at after charging/(crediting):

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Staff costs (including directors' emoluments)		
– Salaries, wages and benefits in kind	5,179	6,888
– Retirement benefits scheme contributions	158	228
– Share-based payment expenses	–	5,068
	<u>5,337</u>	<u>12,184</u>
Depreciation of property, plant and equipment (including right-of-use assets)	346	1,038
Auditor's remuneration	490	450
Expenses relating to short-term leases and low-value assets	517	115
Impairment losses recognised in respect of property, plant and equipment	637	433
Impairment losses recognised in respect of intangible assets	–	3,470
Impairment losses (reversed)/recognised under expected credit loss model on:		
– trade receivables	(191)	1,339
– retention receivables	1,685	(9)
– loan receivables	9,070	22,379
– deposits and other receivables	3,798	2,580
	<u>14,362</u>	<u>26,289</u>
Cost of inventories sold (included in cost of sales and services)	53,807	25,919
Cost of services rendered (included in cost of sales and services)	<u>3,969</u>	<u>14,549</u>

8. Income Tax Credit

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Deferred tax credit – current year	–	572
Income tax credit	<u>–</u>	<u>572</u>

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 the Group did not derive any estimated assessable profits or had sufficient tax losses brought forward to offset against the estimated assessable profits.

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 the Group did not derive any estimated assessable profits.

9. Loss per Share

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purpose of computation of basic and diluted loss per share	<u>(18,108)</u>	<u>(34,969)</u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>2,418,879</u>	<u>2,045,102</u>

As the Company's outstanding share options where applicable had an anti-dilutive effect to the basic loss per share calculation, the exercise of the above potential dilutive shares is not assumed in the calculation of diluted loss per share for both years.

10. Trade and Other Receivables

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables from contracts with customers (<i>Note (i)</i>)	9,357	29,117
Less: Allowance for credit losses	<u>(140)</u>	<u>(2,038)</u>
	9,217	27,079
Retention receivables from contracts with customers (<i>Note (ii)</i>)	2,485	2,801
Less: Allowance for credit losses	<u>(1,703)</u>	<u>(18)</u>
	782	2,783
Loan receivables (<i>Note (iii)</i>)	130,566	135,467
Less: Allowance for credit losses	<u>(30,377)</u>	<u>(26,257)</u>
	100,189	109,210
Deposits, prepayment and other receivables	<u>4,498</u>	<u>9,422</u>
Total trade and other receivables	<u>114,686</u>	<u>148,494</u>

As at 1 January 2020, trade receivables and retention receivables arising from contracts with customers (before allowance for credit losses) amounted to approximately HK\$8,234,000 and HK\$5,239,000 respectively.

Notes:

- (i) The Group allows an average credit period of 30 to 90 days to its trade customers. The aging analysis of trade receivables (net of allowance for credit losses), based on earliest of the invoice date or revenue recognition date is, as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 3 months	5,173	17,652
Over 3 months but within 6 months	3,318	9,145
Over 6 months	726	282
	<u>9,217</u>	<u>27,079</u>

- (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 for both years. 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 fixed rates mutually agreed between the contracting parties, ranging from 6% to 12% per annum (2020: 6% to 12% per annum) and were unsecured as at 31 December 2021 and 2020.

11. Trade and Other Payables

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	10,797	28,972
Retention payables	1,521	1,864
Contract liabilities	5,005	–
Amount due to Titron Group Holdings Limited	1,700	1,700
Amount due to the vendors	7,500	7,500
Accruals and other payables	9,107	6,542
	<u>35,630</u>	<u>46,578</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 3 months	5,447	1,392
Over 3 months but within 6 months	3,104	25,361
Over 6 months	2,246	2,219
	<u>10,797</u>	<u>28,972</u>

The average credit period granted by suppliers ranging from 30 to 90 days.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS, BUSINESS REVIEW AND PROSPECTS

Results

The total revenue of the Group increased HK\$18.1 million or 33.6%, from HK\$53.8 million last year to HK\$71.9 million for the year ended 31 December 2021. Such increase was mainly attributable to the increase in revenue from medical products which net-off with 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\$14.1 million, representing an increase of HK\$0.8 million or 6.0% as compared to HK\$13.3 million in 2020. Gross profit margin decreased by 5.1 percentage points to 19.6% (2020: 24.7%), primarily as a result of gross profit margin contributed from the sale of medical products (“Medical Products”), 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\$0.7 million, decreased from other gains of HK\$3.1 million in the corresponding year of 2020, which was mainly attributable to the decrease on government grants and the net fair value gain of held-for-trading investments arising from the business of investment in securities (“Securities Investment”) and equity investment at FVTPL.

The distribution and administrative expenses amounted to HK\$15.5 million, which decreased HK\$7.1 million or 31.4% as compared to that of HK\$22.6 million for the corresponding year of 2020, primarily because there were the impairment losses recognised on intangible asset and the share-based payment expenses incurred in corresponding year of 2020, and decrease in staff costs and other general administrative costs under stringent cost control during the year.

Finance costs amounted to HK\$3.0 million (2020: 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\$18.1 million, which decreased by HK\$16.9 million or 48.3% as compared to HK\$35.0 million loss for the corresponding year of 2020.

Business Review

Medical Products

For the year ended 31 December 2021, the Medical Products recorded revenue of HK\$56.7 million, which increased by 119.8% or HK\$30.9 million as compared to that of HK\$25.8 million in the previous year. This amount represented 78.9% of the Group's total revenue for the year under review. In 2021, due to the continuous 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\$0.5 million for the year ended 31 December 2021, as compared to segment profit of HK\$1.1 million in the corresponding year of 2020, which was caused by the increase in sales commission for the year ended 31 December 2021. 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 63.6% or HK\$0.7 million to HK\$0.4 million, as compared to HK\$1.1 million in the previous year, which accounted for 0.6% 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.

Segment results of the Plastic Products turnaround to loss of approximately HK\$210,000 for the year under review, as compared to profit of approximately HK\$85,000 for the corresponding year of 2020. The Group is persisting to implement strict cost control in the business segment.

Building Contract Works Business

For the year ended 31 December 2021, revenue from the Building Contract Works Business generated by ACE Engineering Limited (“ACE Engineering”), a wholly-owned subsidiary of the Company, amounted to HK\$4.1 million, representing a decrease of HK\$12.2 million or 74.8% as compared to HK\$16.3 million for the corresponding year of 2020, which contributed 5.6% 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\$0.2 million (2020: HK\$1.7 million) and gross profit margin of 4.9% (2020: 10.4%). The decrease in gross profit margin was primarily attributable to decrease in awards of projects in the private sector which yielded higher margins in price; segment loss of this business decreased to HK\$7.6 million for the year ended 31 December 2021, as compared to that of HK\$10.7 million for the corresponding year of 2020, primarily as a result of (i) decrease in staff cost; and (ii) an impairment loss on intangible asset of HK\$Nil (2020: impairment loss on goodwill and intangible asset of HK\$3.5 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.

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 2021, the Group recorded loan interest income of HK\$10.7 million from its Money Lending, representing an increase of HK\$0.1 million or 0.9% as compared to HK\$10.6 million for the previous year, which accounted for 14.9% of the Group’s total revenue for the year under review. Segment profit of the Money Lending amounted to HK\$1.0 million (2020: loss of HK\$12.1 million). The outstanding principal and interest amount of loan receivables as at 31 December 2021 was HK\$130.6 million (31 December 2020: HK\$135.5 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\$30.4 million has been made for loan receivables as at 31 December 2021 under the expected loss model (31 December 2020: HK\$26.3 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\$20,000 (2020: HK\$32,000) and unrealised gain of HK\$15.5 million (2020: gain of HK\$1.1 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 2021. No dividend income was received from the held-for-trading investments during the year under review (2020: nil). Segment profit of the Securities Investment amounted to HK\$15.5 million (2020: profit of HK\$1.0 million).

As at 31 December 2021, the Group held 16 listed equity securities in Hong Kong with the fair value of HK\$42.6 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 2021, are as follows:

Company Name/Stock Code	% of shareholding as at 31 December 2021	Fair value gain/(loss) for the year ended 31 December 2021 HK\$'000	Fair value as at 31 December 2021 HK\$'000	% of total assets of the Group as at 31 December 2021
	Securities listed in Hong Kong			
China e-Wallet Payment Group Limited ("China e-Wallet") (802) (Note (a))	1.7%	(612)	5,457	3.0%
WLS Holdings Limited ("WLS") (8021) (Note (b))	1.4%	4,100	9,958	5.4%
Others (Note (c))		11,991	27,177	14.7%
		15,479	42,592	23.1%

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 2021, it recorded unaudited net loss attributable to its owners of HK\$18.7 million for the six months ended 30 June 2021. 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 2022, it recorded unaudited net profit from continuing operations attributable to its owners of HK\$25.9 million for the nine months ended 31 January 2022. 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) Save as disclosed above, none of these investments represented more than 5% of the total assets of the Group as at 31 December 2021.

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 2022 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 2021, the Group's consolidated net assets was HK\$114.8 million, representing a decrease of HK\$17.3 million as compared to that of HK\$132.1 million as at 31 December 2020.

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 2021, the Group has applied the net proceeds from the Placing as follows:

Purposes	Net proceeds (HK\$'000)		
	Available	Utilised	Unutilised
– Capital Injection	–	–	–
– General working capital	2,200	2,200	–
	<u>2,200</u>	<u>2,200</u>	<u>–</u>

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

As at 31 December 2021, the Company has 2,418,879,481 ordinary shares of HK\$0.01 each in issue.

Debt structure

As at 31 December 2021 and 2020, the Group's total borrowings from financial institutions were zero. The Group's total cash and bank balances amounted to HK\$4.7 million as at 31 December 2021, which increased HK\$0.6 million as compared to that of HK\$4.1 million as at 31 December 2020.

As at 31 December 2021, 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 12 January 2022. In January 2022, the maturity date of the unlisted bonds has further extended to 12 January 2027.

The Group's gearing ratio was 25.8% as at 31 December 2021 (31 December 2020: 22.7%). 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 2021, the Group's current ratio was 2.3 (31 December 2020: 3.8).

Contingent liabilities and charges

As at 31 December 2021 and 2020, 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 2021 and 2020.

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 2021, the Group's employees number was 30 (31 December 2020: 31). 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 OPTIONS

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 2021, 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 2021 as below:

	Date of grant	Exercise price HK\$	Exercise period	Vesting period	Outstanding at 1 January 2021	Granted during the year	Exercised during the year	Lapsed/ Forfeited during the year	Outstanding at 31 December 2021
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 July 2017	0.123	From 26 July 2017 to 25 July 2022	No	186,200,000	-	-	-	186,200,000
					372,400,000	-	-	-	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 2021 (2020: 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 board of Directors (the “Board”) has always recognised the importance of shareholders’ accountability and transparency and is committed to maintaining high standards of corporate governance. The Company has complied with all code provisions of the Corporate Governance Code (“CG Code”) throughout the year ended 31 December 2021 as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), except for certain deviations disclosed herein.

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 2021.

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 2021.

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 2021 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 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.