AMCO
United Holding Limited
雋泰控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 630)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

The Board of Directors (the "Board") of AMCO United Holding Limited (the "Company") announces the unaudited interim consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013 together with comparative figures for the previous period as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2013	2012
		Unaudited	Unaudited
	Notes	***HK$'000***	*HK$'000*
			(Restated)
Continuing operations			
Turnover	*3*	**49,549**	63,362
Cost of sales		**(43,244)**	(49,480)
Gross profit		**6,305**	13,882
Other income	*4*	**8,712**	157
Distribution costs		**(2,676)**	(3,334)
Administrative expenses		**(24,470)**	(27,077)
Impairment losses and write offs		**(9,369)**	–
Gain on change in fair value of convertible notes		**8,080**	8,064
Finance costs		**(539)**	(311)
Loss before income tax expense	*5*	**(13,957)**	(8,619)
Income tax expense	*6*	**(2)**	(5)
Loss for the period from continuing operations		**(13,959)**	(8,624)
Discontinued operations			
Loss for the period from discontinued operations	*7*	**–**	(786)
Loss for the period		**(13,959)**	(9,410)

* *For identification purposes only*

	Notes	Six months ended 30 June **2013** **Unaudited** ***HK$'000***	2012 Unaudited *HK$'000* (Restated)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**297**	(102)
Reclassification of the cumulative fair value gain attributable to disposal of available-for-sale financial assets to profit or loss		**–**	28
Other comprehensive income for the period, net of tax		**297**	(74)
Total comprehensive income for the period		**(13,662)**	(9,484)
Loss for the period attributable to:			
– Owners of the Company			
Continuing operations		**(13,959)**	(8,624)
Discontinued operations		**–**	(786)
		(13,959)	(9,410)
Total comprehensive income for the period attributable to:			
– Owners of the Company			
Continuing operations		**(13,662)**	(8,698)
Discontinued operations		**–**	(786)
		(13,662)	(9,484)
Loss per share	*9*		
From continuing and discontinued operations			
Basic		**HK(1.59) cents**	HK(1.07) cents
Diluted		**HK(2.31) cents**	HK(1.83) cents
From continuing operations			
Basic		**HK(1.59) cents**	HK(0.98) cents
Diluted		**HK(2.31) cents**	HK(1.75) cents
From discontinued operations			
Basic		**–**	HK(0.09) cents
Diluted		**–**	HK(0.08) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2013 Unaudited HK$'000	31 December 2012 Audited HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**14,169**	17,576
Goodwill		**37,595**	45,907
Deferred tax assets		**514**	514
		52,278	63,997
Current assets			
Inventories		**7,268**	7,532
Trade and other receivables	*10*	**21,540**	26,839
Tax recoverable		**537**	813
Pledged time deposits		**3,347**	3,512
Cash and cash equivalents		**9,201**	10,163
		41,893	48,859
Current liabilities			
Trade and other payables	*11*	**31,819**	39,022
Bank and other borrowings	*12*	**15,975**	9,614
Amount due to a director		**8,000**	4,000
Obligation under finance leases		**204**	204
Convertible notes		**6,456**	10,314
		62,454	63,154
Net current liabilities		**(20,561)**	(14,295)
Total assets less current liabilities		**31,717**	49,702

	Notes	**30 June 2013 Unaudited** ***HK$'000***	31 December 2012 Audited *HK$'000*
Non-current liabilities			
Obligation under finance leases		**119**	220
Deferred tax liabilities		**616**	616
Convertible notes		**7,092**	11,314
		7,827	12,150
Net assets		**23,890**	37,552
EQUITY			
Capital and reserve			
Share capital	*13*	**8,758**	87,582
Reserves		**15,132**	(50,030)
Total equity		**23,890**	37,552

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

AMCO United Holding Limited (the "Company") was incorporated in Bermuda with limited liability on 12 September 1996 as an exempted company under the Companies Act 1981 of Bermuda with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 28 November 1996.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the manufacture and sale of medical devices and manufacture and sale of plastic moulding products.

2. Basis of Preparation and accounting policies

The interim condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The interim condensed consolidated financial statements are unaudited but have been reviewed by the Company's audit committee.

The interim condensed consolidated financial statements should be read in conjunction with the Group's annual financial statements as at 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim condensed consolidated financial statements have been prepared on historical cost basis, except for certain assets and liabilities that are measured at their fair value, as appropriate.

The Group incurred unaudited loss for the period ended 30 June 2013 of HK$13,959,000 and as of that date, the Group's current liabilities exceeded its current assets by HK$20,561,000. Notwithstanding these conditions, the going concern basis has been adopted on the basis that a director of the Company has undertaken to provide financial support to the Company over the next twelve months and not to demand repayment of debts of HK$8,000,000 as at 30 June 2013 due from the Company until such time when repayment will not affect the Company's ability to repay other creditors in the normal course of business. Management plans to improve the Group's financial performance by undertaking an extensive restructuring program to reduce operating costs. This includes (i) taking steps to reduce discretionary expenses and administrative costs; and (ii) seeking potential investors in order to provide adequate funding to the Group for its ongoing business development.

The accounting policies adopted and methods of computation used in the interim condensed consolidated financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012 except as described below.

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle
- Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income
- Amendments to HKFRS 7 – Offsetting Financial Assets and Financial Liabilities
- HKFRS 10 – Consolidated Financial Statements
- HKFRS 12 – Disclosure of Interests in Other Entities
- HKFRS 13 – Fair Value Measurement
- HKFRS 27 (2011) – Separate Financial Statements

The application of the above amendments in the current interim period has had no material effect on the amounts reported in these interim condensed consolidated financial statements and/or disclosures set out in these interim condensed consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current period.

3. Segment information

During the six months ended 30 June 2013, the Group has two reportable segments (30 June 2012: four segments). The following summary describes the operations in each of the Group's reportable segments:

(1) Manufacture and sale of medical devices products;
(2) Manufacture and sale of plastic moulding products;
(3) Manufacture and sale of data media products (Discontinued operations); and
(4) Distribution of data media products (Discontinued operations).

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

For the period ended 30 June 2013 (Unaudited)

	Continuing operations		
	Manufacture and sale of medical devices products	**Manufacture and sale of plastic moulding products**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Revenue from external customers	**12,035**	**37,514**	**49,549**
Reportable segment revenue	**12,035**	**37,514**	**49,549**
Reportable segment loss	**(3,155)**	**(4,267)**	**(7,422)**

For the period ended 30 June 2012 (Restated) (Unaudited):

	Continuing operations			Discontinued operations			
	Manufacture and sale of medical devices products	**Manufacture and sale of plastic moulding products**	**Sub-total**	**Manufacture and sale of data media products**	**Distribution of data media products**	**Sub-total**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue from external customers	**24,657**	**38,705**	**63,362**	**12,482**	**4,882**	**17,364**	**80,726**
Reportable segment revenue	**24,657**	**38,705**	**63,362**	**12,482**	**4,882**	**17,364**	**80,726**
Reportable segment profit/(loss)	**1,517**	**(4,717)**	**(3,200)**	**(150)**	**(673)**	**(823)**	**(4,023)**

Reportable segment loss represents the loss attributable to each segment without allocation of corporate administrative expenses, gain on changes in fair value of convertible notes, finance costs, corporate directors' emoluments, gain on deregistration of subsidiaries, corporate interest income and income tax expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	Continuing operations			Discontinued operations			
	Manufacture and sale of medical devices products	**Manufacture and sale of plastic moulding products**	**Sub-total**	**Manufacture and sale of data media products**	**Distribution of data media products**	**Sub-total**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Reportable segment assets and liabilities							
As at 30 June 2013 (unaudited)							
Reportable segment assets	**49,238**	**25,647**	**74,885**	**–**	**–**	**–**	**74,885**
Reportable segment liabilities	**2,241**	**12,911**	**15,152**	**–**	**–**	**–**	**15,152**
As at 31 December 2012 (audited)							
Reportable segment assets	58,760	31,475	90,235	–	–	–	90,235
Reportable segment liabilities	3,370	15,471	18,841	–	–	–	18,841

All assets are allocated to reportable segments other than deferred tax assets, pledged time deposits, and cash and cash equivalents.

All liabilities are allocated to reportable segments other than bank and other borrowings, amount due to a director, amount due to a related company, deferred tax liabilities and convertible notes.

The following is the Group's reconciliation of reportable segment revenues and profit and loss:

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Reportable segment revenue	**49,549**	63,362
Loss before income tax expense and discontinued operations		
Reportable segment loss	**(7,422)**	(4,023)
Segment loss from discontinued operations	**–**	823
Gain on change in fair value of convertible notes	**8,080**	8,064
Impairment loss and write offs	**(9,369)**	–
Finance costs	**(539)**	(311)
Unallocated corporate income	**8,334**	126
Unallocated corporate expenses	**(13,041)**	(13,298)
Consolidated loss before income tax expense from continuing operations	**(13,957)**	(8,619)

4. Other income

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited
	HK$'000	*HK$'000*
		(Restated)
Continuing operations:		
Exchange gain, net	**82**	1
Interest income	**9**	83
Gain on deregistration of subsidiaries	**4,583**	5
Gain on disposal of property, plant and equipment	**108**	–
Forfeiture of deposit paid for new share subscription	**3,740**	–
Other income	**190**	68
	8,712	157

5. Loss before income tax expense

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited
	HK$'000	*HK$'000*
		(Restated)
Continuing operations:		
Loss before income tax expense has been arrived at after charging:		
Staff costs (including directors' emoluments)	**17,187**	16,661
Depreciation of property, plant and equipment	**3,345**	3,398
Cost of inventories recognised as an expense	**33,092**	41,871
Impairment loss on goodwill	**8,312**	–
Impairment loss on other deposits, prepayments and other receivables	**1,057**	–

6. Income tax expense

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the both periods. Hong Kong profits tax has not been provided as there is no assessable profit arising in or derived from Hong Kong during the financial period.

Overseas taxation is calculated at the rates prevailing in the respective jurisdiction.

Income tax expense for the period has been provided on the estimated assessable profit derived from the People's Republic of China.

7. Loss for the period from discontinued operations

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited
	HK$'000	*HK$'000*
		(Restated)
Manufacture and sale of data media products	**–**	(156)
Distribution of data media products	**–**	(630)
	–	(786)

The business of manufacture and sale of data media products and the business of distribution of data media products which were carried out by Noble Team Holdings Limited and its subsidiaries were put into liquidation on 31 December 2012.

These business segments are presented as part of discontinued operations in accordance with HKFRS 5.

For the six months ended 30 June 2012, an analysis of the results and cash flows of these segments included in the interim condensed consolidated statement of comprehensive income and interim condensed consolidated statement of cash flows are as follow:

(a) Manufacture and sale of data media products

	Six months ended 30 June 2012 Unaudited *HK$'000* (Restated)
Turnover	12,482
Cost of sales	(10,339)
Gross profit	2,143
Other revenue	316
Distribution costs	(200)
Administrative expenses	(2,409)
Finance costs	(6)
Loss before income tax	(156)
Income tax expense	–
Loss for the period from discontinued operations	(156)
Net cash used in operating activities	819
Net cash used in investing activities	(2)
Net cash used in financing activities	(103)
Net cash inflows	714
Loss for the period from the discontinued operations includes the following:	
Depreciation of property, plant and equipment	(98)
Cost of inventories recognised as expenses	(5,973)

(b) ***Distribution of data media products***

	Six months ended 30 June 2012 Unaudited *HK$'000* (Restated)
Turnover	4,882
Cost of sales	(4,819)
Gross profit	63
Other revenue	70
Distribution costs	(51)
Administrative expenses	(755)
Finance costs	–
Loss before income tax	(673)
Income tax credit	43
Loss for the period from discontinued operations	(630)
Net cash used in operating activities	(11,088)
Net cash used in investing activities	(4)
Net cash generated from financing activities	1
Net cash outflows	(11,091)
Loss for the period from the discontinued operations includes the following:	
Depreciation of property, plant and equipment	(4)
Cost of inventories recognised as expenses	(4,819)

For the purpose of presenting discontinued operations, the comparative interim condensed consolidated statement of comprehensive income and the related notes have been re-presented as if the operations discontinued had been discontinued at the beginning of the comparative period.

8. Interim dividend

No dividends were paid, declared or proposed during the reporting period. The directors do not recommend the payment of an interim dividend (2012: Nil).

9. Loss per share

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	30 June 2013	30 June 2012
	Unaudited	Unaudited
		(Restated)
Basic		
Loss for the period for the purposes of computation of basic loss per share *(HK'000)*		
– from continuing operations	**(13,959)**	(8,624)
– from discontinued operations	**–**	(786)
	(13,959)	(9,410)
Number of shares		
Weighted average number of ordinary shares in issue	**875,823,986**	8,758,239,861
Weighted average number of ordinary shares in issue after share consolidation at every 10 shares into 1 share *(Note)*	**875,823,986**	875,823,986

Note:

The calculation of basic loss per share for the period is based on the consolidated loss for the period attributable to owners of the Company and on the weighted average number of ordinary shares in issue during the period after the adjustment share consolidation as set out in note 13.

	30 June 2013	30 June 2012
	Unaudited	Unaudited
		(Restated)
Diluted		
Loss for the period for the purposes of computation of diluted loss per share *(HK'000)*		
– from continuing operations – basic	**(13,959)**	(8,624)
Adjustment on changes in fair value of convertible notes		
– from continuing operations		
– adjusted loss	**(8,080)**	(8,064)
– from discontinued operations	**–**	(786)
	(22,039)	(17,474)
Number of shares		
Weighted average number of ordinary shares in issue	**875,823,986**	8,758,239,861
Adjustments for conversion of convertible notes	**80,087,620**	800,876,200
Weighted average number of ordinary shares for diluted loss per share	**955,911,606**	9,559,116,061
Weighted average number of ordinary shares for diluted loss per share after share consideration at every 10 shares into 1 share	**955,911,606**	955,911,606

In calculation of the diluted loss per share, the Company's outstanding share options were not taken into account as they had an anti-dilutive effect. Therefore, the calculation of diluted loss per share is based on the loss for the period attributable to owners of the Company and after adjustments to reflect the effect of deemed conversion of outstanding convertible notes. Weighted average number of dilutive potential ordinary shares is calculated by adjusting the effect of deemed conversion of all convertible notes and the effect of share consolidation as set out in note 13.

There was no dilutive effect from outstanding share options for the periods ended 30 June 2013 and 2012 since all such share options were anti-dilutive.

10. Trade and other receivables

	30 June 2013 Unaudited *HK$'000*	31 December 2012 Audited *HK$'000*
Trade receivables	**14,992**	18,059
Other deposits, prepayments and other receivables	**11,835**	13,010
Less: Impairment loss recognised on other deposits, prepayments and other receivables	**(5,287)**	(4,230)
	21,540	26,839

The Group allows an average credit period of 30 to 90 days to its trade customers (for the year ended 31 December 2012: 30 to 90 days). The ageing analysis of trade receivables are as follows:

	30 June 2013 Unaudited *HK$'000*	31 December 2012 Audited *HK$'000*
Current	**9,183**	83
1 to 90 days	**5,393**	17,731
91 to 180 days	**187**	28
Over 181 days	**229**	217
	14,992	18,059

11. Trade and other payables

	30 June 2013 Unaudited ***HK$'000***	31 December 2012 Audited *HK$'000*
Trade payables	**7,066**	6,247
Accruals and other payables	**15,553**	23,575
Amounts due to related parties	**9,200**	9,200
	31,819	39,022

Included in amounts due to related parties is an amount due to a related company, Titron Group Holdings Limited, in which Mr. Yip Wai Lun, Alvin being the common director, is unsecured, interest-free and repayable on demand. The remaining balance of amounts due to related parties are unsecured, interest-free and repayable an demand.

The aged analysis of trade payables as follows:

	30 June 2013 Unaudited ***HK$'000***	31 December 2012 Audited *HK$'000*
Within 3 months	**6,413**	6,182
Over 3 months but within 6 months	**646**	65
Over 6 months but within 9 months	**–**	–
Over 9 months but within 12 months	**7**	–
	7,066	6,247

12. Bank and other borrowings

During the period, the Group obtained a new short-term loan in the amount of HK$10,000,000. The loan bears interest at 18% per annum for the first five months and 48% per annum for the following seven months and is repayable within one year. The proceeds were used for general working capital of the Group.

13. Share capital

	Par value per share HK$	Number of shares '000	Amount HK$'000
Authorised:			
Balance as at 31 December 2012 and 30 June 2013	0.01	40,000,000	400,000
Issued and fully paid:			
Balance as at 1 January 2012 and 31 December 2012	0.01	8,758,240	87,582
Share consolidation of every 10 shares of par value of HK$0.01 each into 1 consolidated share of par value HK$0.1 each; and reduction par value of each consolidated share from HK$0.1 to HK$0.01 *(Note)*	0.01	(7,882,416)	(78,824)
Balance as at 30 June 2013	0.01	875,824	8,758

Note:

Save as disclosed in the Company's circular dated 1 March 2013 in respect of a proposed capital reorganisation ("Capital Reorganisation") which was approved by the shareholders in a special general meeting of the Company on 25 March 2013, the Capital Reorganisation has become effective on 26 March 2013 as detailed below.

(a) Every ten existing shares of HK$0.01 each in the issued share capital of the Company were consolidated into one consolidated share of HK$0.10 each;

(b) The issued share capital was reduced by cancelling of HK$0.09 of the paid-up capital on each issued consolidated share so that the par value of each issued consolidated share be reduced from HK$0.10 to HK$0.01;

(c) The entire amount standing to the credit of the share premium account of the Company was cancelled; and

(d) The credit arising from the share premium account of the Company was transferred to the contributed surplus account of the Company to be applied to set off against the accumulated losses of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Results, Business Review and Prospects

Results

In the past two years, the Company and its subsidiaries (collectively referred to as the "Group") made continuous effort to restructure and streamline the business operations so as to improve the overall financial position of the Group. Since then, the Group has focused its resources on the manufacture and sale of medical devices products and manufacture and sale of plastics moulding products.

However, hindered by the European debt crisis and the slow recovery of the United States, the global demand was still weak in the first half of 2013. For the six months ended 30 June 2013, the Group's continuing operations recorded a turnover of HK$49.5 million, representing a decrease of HK$13.9 million or 21.8% from HK$63.4 million for the last corresponding period. The loss from continuing operations for the period under review was increased by HK$5.3 million to HK$13.9 million, compared to the loss of HK$8.6 million for the six months ended 30 June 2012. This was mainly attributable to the net effect of (i) a decline in the overall gross profit margin of the Group; (ii) HK$4.6 million gain on deregistration of certain subsidiaries; (iii) impairment losses on other receivables and goodwill amounted to HK$1.1 million and HK$8.3 million respectively; and (iv) HK$8.1 million gain on change in fair value of convertible notes were recorded during the period.

During the period under review, the Group did not have any discontinued operating activities while a loss from discontinued operations in manufacture and sale of data media products and distribution of data media products was HK$0.8 million in the first half of 2012.

The Group's overall loss attributable to owners of the Company rose 48.3% from approximately HK$9.4 million during the six months ended 30 June 2012 to HK$13.9 million for the first six months of 2013.

Business Review

Manufacture and sale of medical devices products

For the six months ended 30 June 2013, revenue from manufacture and sale of medical devices products segment recorded HK$12 million, decreased 51.2% or HK$12.6 million compared with HK$24.6 million the same period of last year. The amount represented 24.3% of the Group's total revenues for the period under review. The decrease of revenue was mainly due to the decrease in sales orders from its key customer in America and the continued challenging economic environment. Segment's performance was turning from profit of HK$1.5 million in the first six months period of 2012 to loss of HK$3.2 million in the same period of 2013, which was the result of high production cost and administrative expenses.

Manufacture and sale of plastic moulding products

Revenue from manufacture and sale of plastic moulding products segment slightly declined by 3.1% to HK$37.5 million for the period under review, which accounts for 75.7% of the total Group's revenue. The decrease was mainly due to a sluggish global business environment in the American and European markets which caused the customers to be more conservative in placing order. Segmental loss was improved from HK$4.7 million in the first six month of 2012 to HK$4.3 million in 2013.

Prospects

The global economic environment remains challenging and uncertain in the second half of 2013. However, the Company is confident of tuning challenges into opportunity with its strong ability to adapt to the evolving operating environment over the near three decades.

Meanwhile, with the intensification of market competition and the rising cost of both labour and materials, the Company will strive to maintain its competitiveness through carrying out effective cost control, improving the production efficiency and strengthening and expanding the customer base.

Looking ahead, the Company will continue leveraging its experience, skillset and knowhow to develop new growth potentials and create new cutting edges so as to secure a solid position in the future development.

Financial Review

Capital and debt structure

As at 30 June 2013, the Group's consolidated net assets was approximately HK$23.9 million, representing approximately HK$13.9 million, equivalent to a decrease of 36.4% as compared with that of 31 December 2012, primarily arising from the operating loss for the period.

As at 30 June 2013, the Company has 875,823,986 shares of HK$0.01 each (the "Shares") in issue. On 26 March 2013, the Company effected a capital reorganisation, which included:

(i) share consolidation of every ten issued shares of par value HK$0.01 each into one issued consolidated share of par value HK$0.10 each;

(ii) capital reduction of the par value of each issued consolidated share from HK$0.10 to HK$0.01 by cancellation of HK$0.09 of the paid-up capital on each issued consolidated share; and

(iii) cancellation of the entire amount standing to the credit of the share premium account of the Company.

As a result of the capital reorganisation, there were approximately HK$78.8 million from share capital and HK$223.9 million from share premium credited to the contributed surplus account of the Company and was applied for setting off the accumulated loss of the Company.

As at 30 June 2013, the Company has outstanding convertible notes issued as partial consideration for the acquisition of the manufacturing businesses on 10 October 2011 valued at approximately HK$13.5 million, of which, approximately HK$7.1 million was classified as non-current liabilities due to the conversion conditions applicable to their convertibility.

As at 30 June 2013, the Group's total borrowings from financial institutions amounted to HK$16.3 million, representing an increase by HK$6.3 million from HK$10 million as at 31 December 2012. Over 99.3% of the borrowings were payable within one year. Since most of the borrowings were denominated in Hong Kong dollars, the risk of currency exposure was minimal. The Group's total cash and bank balances amounted to approximately HK$9.2 million at 30 June 2013, which was about HK$1 million lower than the position of HK$10.2 million at 31 December 2012.

The Group's gearing ratio was 158.4% at 30 June 2013 while that of 31 December 2012 was 95%. The ratio was determined by bank and other borrowings, amount due to a director, obligations under finance leases and convertible notes over shareholders' equity.

Working capital and liquidity

As at 30 June 2013, the Group's current ratio and quick ratio were 0.7 and 0.6 respectively (31 December 2012: 0.8 and 0.7 respectively). Inventory turnover on sales of continuing operations increased to 27 days which are 2 days longer than that at 31 December 2012. Receivable turnover of continuing operations was 60 days while it was 57 days at 31 December 2012.

The Group incurred unaudited loss for the period ended 30 June 2013 of HK$13.9 million and as of that date, the Group's current liabilities exceeded its current assets by HK$20.6 million. Notwithstanding these conditions, the going concern basis has been adopted on the basis that a director of the Company has undertaken to provide financial support to the Company over the next twelve months and will not demand repayment of debts of HK$8 million as at 30 June 2013 due from the Company until such time when repayment will not affect the Company's ability to repay other creditors in the normal course of business. Management plans to improve the Group's financial performance by undertaking an extensive restructuring program to reduce operating costs. This includes (i) taking steps to reduce discretionary expenses and administrative costs; and (ii) seeking potential investors in order to provide adequate funding to the Group for its ongoing business development.

Contingent liabilities and charges

As at 30 June 2013, the Group has pledged its assets with an aggregate net book value of HK$3.8 million (31 December 2012: HK$4 million) to secure bank facilities granted and finance lease obligations. The Group had no material contingent liabilities at 30 June 2013.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2013, the number of employees of the Group was approximately 200. The remuneration packages of the Group's employees are mainly based on their performance and experience, taking into account 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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

CAPITAL REORGANISATION

On 5 February 2013, the Board proposed the capital reorganisation, pursuant to which every ten (10) existing shares of HK$0.01 each in the issued share capital of the Company was proposed to be consolidated into one (1) consolidated share of HK$0.10 (the "Share Consolidation") and immediately following to the Share Consolidation, the paid-up capital of the Company to the extent of HK$0.09 on each issued consolidated share was reduced from HK$0.10 to HK$0.01 (collectively, the "Capital Reorganisation"). The Capital Reorganisation was approved by the shareholders of the Company at the special general meeting held on 25 March 2013. Upon the Capital Reorganisation becoming effective on 26 March 2013, the trading board lot size of the share of the Company was also changed from 2,000 existing shares per board lot to 10,000 new shares per board lot. Details of the Capital Reorganisation are set out in the Company's announcements dated 5 February 2013, 25 March 2013 and 28 March 2013 and circular dated 1 March 2013.

CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") for the six months ended 30 June 2013, save as disclosed as follows.

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

During the six months ended 30 June 2013, one out of two Board meetings was 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 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.

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

Mr. Yip Wai Lun, Alvin was the Chairman and 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 six months ended 30 June 2013. The Board considers that it would be in the best interest of its 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. Yip Wai Lun, Alvin as the Chairman and the Managing Director of the Company. The Company will review the current structure when and as it becomes appropriate.

In respect of code provision A.6.7 of the CG Code, all independent non-executive directors and non-executive directors should attend general meetings of listed issuers. Mr. Yip Wai Lun, Alvin, the Chairman and Managing Director of the Company, and Mr. Leung Ka Kui, Johnny, an Independent Non-executive Director of the Company, were unable to attend the special general meeting of the Company held on 25 March 2013 due to their personal commitment.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the 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 six months ended 30 June 2013.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three Independent Non-executive Directors, namely Mr. Chan Kam Kwan, Jason (Chairman of the Audit Committee), Mr. Leung Ka Kui, Johnny and Mr. Lau Man Tak. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group, and discussed financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2013.

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

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
AMCO United Holding Limited
Yip Wai Lun, Alvin
Chairman and Managing Director

Hong Kong, 28 August 2013

As at the date of this announcement, Mr. Yip Wai Lun, Alvin and Ms. Leung Mei Han are the Executive Directors; and Mr. Leung Ka Kui, Johnny, Mr. Chan Kam Kwan, Jason and Mr. Lau Man Tak are the Independent Non-executive Directors.