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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 2018

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 2018, 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 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
Continuing operations			
Revenue	*3, 4*	**112,279**	87,932
Cost of sales and services		**(88,712)**	(67,579)
Gross profit		**23,567**	20,353
Other income and other gains or losses	*5*	**(9,708)**	(128,203)
Distribution costs		**(235)**	(299)
Administrative expenses		**(39,731)**	(39,757)
Finance costs		**(666)**	–
Loss before income tax	*6*	**(26,773)**	(147,906)
Income tax credit	*7*	**21**	47
Loss for the year from continuing operations		**(26,752)**	(147,859)
Discontinued operation			
Loss for the year from discontinued operation		**–**	(71)
Loss and total comprehensive income for the year attributable to owners of the Company		**(26,752)**	(147,930)

* *For identification purposes only*

	Note	2018 HK$'000	2017 HK$'000
Loss and total comprehensive income for the year attributable to owners of the Company			
– from continuing operations		**(26,752)**	(147,859)
– from discontinued operation		**–**	(71)
		(26,752)	(147,930)
Loss per share	8		
Basic and diluted			
– from continuing operations		**HK(1.44) cents**	HK(7.94) cents
– from discontinued operation		**–**	–
		HK(1.44) cents	HK(7.94) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*9*	**919**	2,087
Goodwill	*10*	**6,379**	10,196
Intangible assets	*11*	**5,016**	5,056
		12,314	17,339
Current assets			
Inventories		**145**	111
Held-for-trading investments	*12*	**25,218**	35,223
Trade and other receivables	*13*	**178,116**	149,184
Tax recoverable		**–**	78
Cash and cash equivalents		**18,300**	26,276
		221,779	210,872
Current liabilities			
Trade and other payables	*14*	**66,765**	61,675
Tax payable		**–**	19
		66,765	61,694
Net current assets		**155,014**	149,178
Total assets less current liabilities		**167,328**	166,517
Non-current liabilities			
Bond payables	*15*	**30,666**	–
Deferred tax liability		**827**	834
		31,493	834
Net assets		**135,835**	165,683
EQUITY			
Share capital	*16*	**18,627**	18,627
Reserves		**117,208**	147,056
Total equity		**135,835**	165,683

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Main Board of 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) manufacture and sale of medical devices products; (ii) manufacture and 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 ("HKICPA"), which is a collective term for all individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations, and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

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

(a) Adoption of new and revised HKFRSs – effective 1 January 2018

In the current year, the Group has applied for the first time the following new standards, amendments and interpretation to HKFRSs (hereinafter collectively referred to as "new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers (and the related Clarifications)
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle
IFRIC 22	Foreign Currency Transactions and Advance Consideration

Except as described in Note 2(c), the application of the new and revised HKFRSs in the current year has no material effect on the Group's financial performance and position for the current year or the disclosures set out in the consolidated financial statements.

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

The following new and revised HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]
IFRIC 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted

The directors of the Company ("Directors") anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases", introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liabilities, and also classifies cash payments of the lease liability into a principal portion and an interest portion and presents them in the consolidated statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly differently from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its lease as operating leases or finance leases, and to account for these two types of leases differently.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of approximately HK$2,178,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. The application of the new requirements may result in changes in the measurement, presentation and disclosure of the Group's leases as indicated above which may have an impact on the Group's results and financial position. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

(c) Changes in accounting policies

The Group has initially adopted HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" from 1 January 2018 and the Group has changed its accounting policies as a result of adopting these standards. The impact of the adoption of these standards and the nature and effect of the changes in accounting policies are further described below.

(i) HKFRS 9 – Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 "Financial Instruments: Recognition and Measurement" that relate to the classification and measurement of financial assets and financial liabilities, impairment for financial assets and hedge accounting.

In accordance with the transitional provisions in HKFRS 9, the Group has taken the exemption under HKFRS 9 not to restate comparative information for prior period with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in opening accumulated losses as at 1 January 2018. Accordingly, the information presented for 2017 has been presented, as previously reported, under HKAS 39.

The amount by which each financial statement line item is affected by the adoption of HKFRS 9 on the date of initial application is shown as follows.

	Carrying amount as at 31 December 2017	**Effect of adoption of HKFRS 9** *(note (B))*	**Carrying amount as at 1 January 2018***
	HK$'000	*HK$'000*	*HK$'000*
Consolidated statement of financial position (extract)			
Trade and other receivables	149,184	(2,684)	146,500
Accumulated losses (reserves)	268,218	2,684	270,902

* The amounts in this column are before the adjustment for the effect of adoption of HKFRS 15, please see note (ii) below.

(A) Classification and measurement

From 1 January 2018, all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

– debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;

– debt investments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income ("FVTOCI");

– all other debt investments and equity investments are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

– the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is not held for trading in other comprehensive income; and

– the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment (see note (B) below).

The adoption of HKFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

On 1 January 2018 (the date of initial application of HKFRS 9), the Group has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories.

The following table shows the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018.

	Original measurement category under HKAS 39	**New measurement category under HKFRS 9**	**Original carrying amount under HKAS 39** *HK$'000*	**New carrying amount under HKFRS 9** *HK$'000*
Financial assets:				
Held-for-trading investments	FVTPL	FVTPL	35,223	35,223
Trade and other receivables	Amortised cost (Loans and receivables)	Amortised cost	147,705	145,021
Cash and cash equivalents	Amortised cost (Loans and receivables)	Amortised cost	26,276	26,276
			209,204	206,520
Financial liabilities:				
Trade and other payables	Amortised cost	Amortised cost	61,675	61,675

The following table reconciles the carrying amounts of financial assets at amortised cost under HKAS 39 to the carrying amounts under HKFRS 9 on transition to HKFRS 9 on 1 January 2018.

	Original carrying amount under HKAS 39	**Remeasurement** *(note (B))*	**New carrying amount under HKFRS 9**
	HK$'000	*HK$'000*	*HK$'000*
Trade and other receivables	147,705	(2,684)	145,021
Cash and cash equivalents	26,276	–	26,276

(B) Impairment

The impairment of financial assets has changed from the incurred loss model under HKAS 39 to the expected credit loss model under HKFRS 9. Under the new expected loss approach, it is no longer necessary for a loss event to occur before an impairment loss is recognised. Impairment is made on the expected credit losses, which are the present value of the cash shortfalls over the expected life of the financial assets. The Group assesses on a forward looking basis the expected credit losses associated with debt instruments carried at amortised cost or FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and retention receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on the Group's historical default experience, adjusted for factors that are specific to the debtors and an assessment of both the current as well as the forecast direction of conditions.

For other financial assets measured at amortised cost (i.e. loan receivables, other deposits, other receivables and bank balances), the expected credit losses are based on 12-month expected losses and there had been no significant increase in credit risk since initial recognition.

Applying the expected credit loss model resulted in the recognition of additional impairment for the Group's trade and other receivables on 1 January 2018 as follows:

	HK$'000
Loss allowance at 31 December 2017 under HKAS 39	–
Additional impairment recognised at 1 January 2018	2,684
Loss allowance at 1 January 2018 under HKFRS 9 *(Note 13(iii) & (iv))*	2,684

The additional impairment is recognised in accumulated losses, resulting in a decrease in trade and other receivables of approximately HK$2,684,000 and increase in accumulated losses of approximately HK$2,684,000 as at 1 January 2018.

(ii) ***HKFRS 15 – Revenue from Contracts with Customers***

HKFRS 15 supersedes HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and related Interpretations in accounting for revenue arising from contracts with customers.

In accordance with the transitional provisions in HKFRS 15, the Group has elected to apply the modified transitional provisions whereby the effects of adopting HKFRS 15 for uncompleted contracts with customers as at 31 December 2017 are adjusted to the opening accumulated losses as at 1 January 2018 and prior period comparatives are not restated. Accordingly, the information presented for 2017 has been presented, as previously reported, under HKAS 18, HKAS 11 and related Interpretations.

The amount by which each financial statement line item is affected by the adoption of HKFRS 15 on the date of initial application is shown as follows.

	Carrying amount as at 31 December 2017	Effect of adoption of HKFRS 15	Carrying amount as at 1 January 2018*
	HK$'000	*HK$'000*	*HK$'000*
Consolidated statement of financial position (extract)			
Trade and other receivables	149,184	(412)	148,772
Accumulated losses (reserves)	268,218	412	268,630

* The amounts in this column are before the adjustment for the effect of adoption of HKFRS 9, please see note (i) above.

HKFRS 15 establishes a comprehensive framework for determining when and how much to recognise revenue through a 5-step approach: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation; and (5) recognise revenue when each performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

From 1 January 2018, revenue is recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time. Control of the good or service is transferred over time if the Group's performance:

– provides all of the benefits received and consumed simultaneously by the customer;

– creates or enhances an asset that the customer controls as the Group performs; or

– does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the good or service transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the good or service.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depicts the Group's performance in satisfying the performance obligation:

– output method: direct measurements of the value transferred by the Group to the customer relative to the remaining goods or services promised under the contract; or

– input method: the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected inputs.

The Group recognises revenue from manufacture and sale of medical devices products and plastic moulding products. Revenue from the sales of goods is recognised at a point in time when control of the products has transferred, being when the products are delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Payments received in advance that are related to sales of goods not yet delivered to customers are deferred and recognised as contract liabilities. Revenue is recognised when the goods are delivered to the customers.

The Group recognises revenue from construction contracts for provision of construction services in building construction, building maintenance and improvement works, project management, renovation and decoration works. The Group provides the building contract work on customers' sites which creates or enhances an asset that the customers control as the Group performs and therefore recognises revenue from the construction contracts over time. The Group considers that the output method by reference to the progress certificate issued is an appropriate measure of the progress towards complete satisfaction of the performance obligation under HKFRS 15. However, construction costs that relate to satisfying the performance obligation are recognised in profit or loss based on the actual costs incurred under guidance of HKFRS 15, which is different from the prior accounting policy of the Group to recognise the construction costs in profit or loss by reference to the stage of completion of the contract activity at the end of the reporting period as measured by the proportion that the value of work performed to date to the estimated total contract value. Costs to fulfill a contract is not material. As a consequence, construction costs incurred previously included in trade and other receivables was recognised in accumulated losses, resulting in a decrease in trade and other receivables of approximately HK$412,000 and increase in accumulated losses of approximately HK$412,000 as at 1 January 2018.

While the Group also recognises loan interest income as revenue, the interest income is not under the scope of HKFRS 15.

The Group does not expect to have any contracts with a significant financing component where the period between the transfer of the promised good or service to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the effects of the time value of money.

Accordingly, the adoption of HKFRS 15 has not had a significant impact on the timing and amount of revenue recognition by the Group.

For the disaggregation of revenue under HKFRS 15, the Group considers it is consistent with the revenue information that is disclosed for each reportable segment under HKFRS 8 "Operating Segments" (see Note 3).

The amount by which each financial statement line item is affected in the current year and year to date by the application of HKFRS 15 resulting from the recognition of construction costs as explained in above as compared to HKAS 11 that was previously in effect before the adoption of HKFRS 15 is as follows:

	As at 31 December 2018		
	Results without adoption of HKRS 15	**Effect of adoption of HKFRS 15**	**Results as reported**
	HK$'000	*HK$'000*	*HK$'000*
Consolidated statement of financial position (extract)			
Trade and other payables *(Note)*	(66,996)	231	(66,765)
Accumulated losses (reserves)	298,297	(231)	298,066

	Year ended 31 December 2018		
	Results without adoption of HKRS 15	**Effect of adoption of HKFRS 15**	**Results as reported**
	HK$'000	*HK$'000*	*HK$'000*
Consolidated statement of profit or loss and other comprehensive income (extract)			
Cost of sales and services	89,355	(643)	88,712

Note: The adjustment represented amounts due to customers for contract works recognised under HKAS 11.

3. Segment reporting

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

The Group has five (2017: six) 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) Manufacture and sale of medical devices products ("Medical Devices Business");
(2) Manufacture and sale of plastic moulding products ("Plastic Moulding 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").

Inter-segment transactions, if any, are priced with reference to prices charged to external parties for similar products. Corporate revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit/loss that is used by the chief operating decision-maker 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 2018

	Medical Devices Business *HK$'000*	Plastic Moulding Business *HK$'000*	Building Contract Works Business *HK$'000*	Money Lending Business *HK$'000*	Securities Investment *HK$'000*	Total *HK$'000*
Revenue from external customers	**47,284**	**1,660**	**54,592**	**8,743**	**–**	**112,279**
Reportable segment revenue	**47,284**	**1,660**	**54,592**	**8,743**	**–**	**112,279**
Timing of revenue recognition						
At a point in time	**47,284**	**1,660**	**–**	**–**	**–**	**48,944**
Over time	**–**	**–**	**54,592**	**8,743**	**–**	**63,335**
	47,284	**1,660**	**54,592**	**8,743**	**–**	**112,279**
Reportable segment profit/(loss)	**5,329**	**(361)**	**(4,984)**	**7,414**	**(10,007)**	**(2,609)**
Reportable segment assets	**3,389**	**614**	**40,029**	**136,487**	**31,997**	**212,516**
Reportable segment liabilities	**(10,081)**	**(790)**	**(17,103)**	**(28,799)**	**–**	**(56,773)**
Amounts included in the measure of segment profit/(loss) or segment assets						
Interest income	**–**	**2**	**–**	**3**	**–**	**5**
Depreciation and amortisation	**–**	**(397)**	**(244)**	**–**	**–**	**(641)**
Impairment loss on goodwill	**–**	**–**	**(3,817)**	**–**	**–**	**(3,817)**
Net impairment loss on trade and other receivables	**–**	**–**	**(103)**	**(1,038)**	**–**	**(1,141)**

For the year ended 31 December 2017

	Continuing operations						Discontinued operation	
	Medical Devices Business *HK$'000*	Plastic Moulding Business *HK$'000*	Building Contract Works Business *HK$'000*	Money Lending Business *HK$'000*	Securities Investment *HK$'000*	Sub-total *HK$'000*	Provision of public relations services *HK$'000*	Total *HK$'000*
Revenue from external customers	38,023	1,938	41,848	6,123	–	87,932	–	87,932
Reportable segment revenue	38,023	1,938	41,848	6,123	–	87,932	–	87,932
Reportable segment profit/(loss)	2,941	(326)	(117)	5,758	(134,371)	(126,115)	(71)	(126,186)
Reportable segment assets	3,434	890	43,645	110,170	42,002	200,141	–	200,141
Reportable segment liabilities	(7,379)	(610)	(14,827)	(28,799)	(19)	(51,634)	–	(51,634)
Amounts included in the measure of segment profit/(loss) or segment assets								
Interest income	–	1	–	2	–	3	–	3
Depreciation and amortisation	(2)	(397)	(407)	–	–	(806)	(3)	(809)
Gain on disposal of property, plant and equipment	170	–	65	–	–	235	–	235
Additions to non-current assets	–	–	493	–	–	493	–	493

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

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**112,279**	87,932
Consolidated revenue from continuing operations	**112,279**	87,932
Loss before income tax and discontinued operation		
Reportable segment loss	**(2,609)**	(126,186)
Segment loss from discontinued operation	**–**	71
Finance costs	**(666)**	–
Unallocated corporate income	**7**	5,376
Unallocated corporate expenses	**(23,505)**	(27,167)
Consolidated loss before income tax from continuing operations	**(26,773)**	(147,906)
Assets		
Segment assets	**212,516**	200,141
Cash and cash equivalents	**18,300**	26,276
Unallocated corporate assets	**3,277**	1,794
Consolidated total assets	**234,093**	228,211
Liabilities		
Segment liabilities	**56,773**	51,634
Bond payables	**30,666**	–
Unallocated corporate liabilities	**10,819**	10,894
Consolidated total liabilities	**98,258**	62,528

Reportable segment profit/loss represents the profit/loss attributable to each segment without allocation of corporate administrative expenses, corporate directors' emoluments, corporate income, finance costs and income tax credit. This is the measure reported to the chief operating decision-maker for the purposes of resource allocation and performance assessment.

All assets are allocated to reportable segments other than 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 Group's operations and workforce are mainly located in Hong Kong.

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

	2018	2017
	HK$'000	*HK$'000*
Asia Pacific		
– Hong Kong	**63,335**	48,025
– other regions	**11**	94
Europe	**548**	776
North and South America	**48,385**	39,037
	112,279	87,932

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

	2018	2017
	HK$'000	*HK$'000*
Asia Pacific		
– Hong Kong	**12,314**	17,339

(d) Information about major customers

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

	2018		2017	
	HK$'000	***% of total revenue***	*HK$'000*	*% of total revenue*
Customer A – Medical Devices Business	**47,284**	**42%**	38,023	43%
Customer B – Building Contract Works Business	**27,392**	**24%**	4,252	5%
Customer C – Building Contract Works Business	**13,256**	**12%**	5,163	6%

4. **Revenue**

The Group derives its revenue from the transfer of goods and services over time and at a point in time to customers. The Group also derives its revenue from loan interest income.

The following is the disaggregation of revenue by major products or service lines. This is consistent with the revenue information that is disclosed for each reportable segment under HKFRS 8 in Note 3(a).

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Revenue from contracts with customers		
Sales of medical devices products	**47,284**	38,023
Sales of plastic moulding products	**1,660**	1,938
Revenue from construction contracts	**54,592**	41,848
	103,536	81,809
Revenue from other sources		
Loan interest income	**8,743**	6,123
	112,279	87,932

The disaggregation of revenue by the timing of revenue recognition and by geographic markets is disclosed in Notes 3(a) and 3(c) respectively.

As at 31 December 2018, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing construction contracts is approximately HK$46,280,000. The Group will recognise this amount as revenue in the future as the work is completed, which is expected to occur over the next 5 to 26 months.

5. **Other income and other gains or losses**

Analysis of the Group's other income and other gains or losses recognised during the year is as follows:

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Exchange gain, net	**177**	182
Loss on sale of held-for-trading investments	**–**	(59,097)
Gain on disposal of available-for-sale financial asset	**–**	3,360
(Loss)/gain on disposal of property, plant and equipment	**(528)**	495
Loss on change in fair value of held-for-trading investments	**(10,005)**	(75,181)
Interest income	**5**	5
Others	**643**	2,033
	(9,708)	(128,203)

6. Loss before income tax

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

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Employee costs (including Directors' emoluments)		
– Salaries, wages and other benefits	**13,814**	11,500
– Contributions to defined contribution retirement plan	**302**	296
– Share-based payment expenses	**–**	3,751
	14,116	15,547
Depreciation of property, plant and equipment	**639**	1,038
Amortisation of intangible asset *(Note 11)*	**40**	241
Auditor's remuneration	**520**	440
Operating lease charges in respect of properties	**863**	1,978
Impairment loss on goodwill *(Note 10)*	**3,817**	–
Net impairment loss on trade and other receivables *(Note 13)*	**1,141**	–
Share-based payment expenses (other than employee costs)	**–**	7,020
Cost of inventories recognised as expenses	**38,316**	30,554
Cost of services	**50,027**	36,918

7. Income tax credit

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong Profits Tax		
– Over-provision in prior year	**14**	7
Deferred tax credit – current year	**7**	40
Income tax credit	**21**	47

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 for the years ended 31 December 2018 and 2017.

8. Loss per share

(a) Basic loss per share

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	2018	2017
	HK$'000	*HK$'000*
Loss		
Loss for the year for the purposes of computation of basic loss per share		
– from continuing operations	**(26,752)**	(147,859)
– from discontinued operation	**–**	(71)
	(26,752)	(147,930)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue	**1,862,679**	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 the years ended 31 December 2018 and 2017.

The Company's outstanding share options as at 31 December 2018 and 2017 were not taken into account as they had an antidilutive effect for the years ended 31 December 2018 and 2017 which would result in a reduction in the loss per share.

9. Property, plant and equipment

	Plant and machinery *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost				
At 1 January 2017	8,584	2,776	4,359	15,719
Additions at cost	–	17	478	495
Disposals	(853)	–	(1,998)	(2,851)
At 31 December 2017 and 1 January 2018	7,731	2,793	2,839	13,363
Additions at cost	–	2	–	2
Disposals	–	(10)	–	(10)
Written off	–	(1,005)	–	(1,005)
At 31 December 2018	**7,731**	**1,780**	**2,839**	**12,350**
Accumulated depreciation and impairment				
At 1 January 2017	8,584	1,221	3,262	13,067
Depreciation	–	596	445	1,041
Disposals	(853)	–	(1,979)	(2,832)
At 31 December 2017 and 1 January 2018	7,731	1,817	1,728	11,276
Depreciation	–	158	481	639
Disposals	–	(10)	–	(10)
Written off	–	(474)	–	(474)
At 31 December 2018	**7,731**	**1,491**	**2,209**	**11,431**
Net book value				
At 31 December 2018	**–**	**289**	**630**	**919**
At 31 December 2017	–	976	1,111	2,087

10. Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating unit ("CGU") that is expected to benefit from that business combination. The carrying amount of goodwill as at 31 December 2018 and 2017 relates to a business unit acquired in 2016, as further explained below.

	2018	2017
	HK$'000	*HK$'000*
Cost		
At 1 January and 31 December *(Notes (i) & (ii))*	**77,558**	77,558
Accumulated impairment losses		
At 1 January *(Note (ii))*	**(67,362)**	(67,362)
Impairment loss recognised in the year *(Note (i))*	**(3,817)**	–
At 31 December	**(71,179)**	(67,362)
Net book value at 31 December	**6,379**	10,196

Notes:

(i) Building Contract Works Business

At 31 December 2018 and 2017, goodwill of approximately HK$10,196,000 relates to the Building Contract Works Business unit, a CGU, acquired as part of the acquisition of ACE Engineering Limited ("ACE Engineering") in 2016.

The recoverable amount of the CGU, has been determined using cash flow projections to calculate value in use based on estimates and financial budgets approved by the Directors. These projections cover a five-year period, and have been discounted using a pre-tax discount rate of 13.34% (2017: 13.79%). The cash flows beyond that five-year period have been extrapolated using a growth rate of 3% (2017: 3%).

All of the assumptions and estimations involved in the preparation of the cash flow projection including budgeted gross margin, discount rate and growth rate are determined by the management of the Group based on past performance, experience and their expectation for future market development.

Based on the assessment, the recoverable amount of the CGU is determined to be approximately HK$28,326,000. The carrying amount of the CGU has been reduced to the recoverable amount and accordingly, an impairment loss of approximately HK$3,817,000 (2017: HK$nil) (Note 6) has been recognised on goodwill in the current year. This impairment loss is primarily due to the performance of this business segment not matching up to management's expectations in 2018 and the business unit's expected performance in 2019 and beyond based on the latest information available. Much of the problem arose due to continuous curtailment of gross profit margin in current year as a result of decrease in awards of projects in the private sector which yielded higher margins in price, under more fierce market competition of the building construction and maintenance industry during the year. Despite efforts made in controlling and managing contract costs, the continuous rise in subcontracting costs in current year resulting from increased labour costs also contributed to the low profit margin of the business segment which resulted in operating loss for the year. The budget/forecast has been revised downward accordingly.

The impairment loss has been included in profit or loss in the administrative expenses.

(ii) Medical Devices Business

At 31 December 2018 and 2017, goodwill of approximately HK$67,362,000 relates to the Medical Devices Business unit acquired as part of the acquisition of the Titron Group in 2011, as defined and detailed in the Company's circular dated 12 August 2011. Owing to the significant and continuous losses incurred by this business unit in prior years, all of the goodwill of approximately HK$67,362,000 had been impaired as at 31 December 2014.

11. Intangible assets

	2018			2017		
	Contracts backlog *HK$'000*	**Contractor registrations** *HK$'000*	**Total** *HK$'000*	Contracts backlog *HK$'000*	Contractor registrations *HK$'000*	Total *HK$'000*
Cost						
At 1 January and 31 December	**2,786**	**5,016**	**7,802**	2,786	5,016	7,802
Accumulated amortisation						
At 1 January	**2,746**	**–**	**2,746**	2,505	–	2,505
Amortisation	**40**	**–**	**40**	241	–	241
At 31 December	**2,786**	**–**	**2,786**	2,746	–	2,746
Net book value at 31 December	**–**	**5,016**	**5,016**	40	5,016	5,056

Intangible assets with net book value of approximately HK$5,016,000 (2017: HK$5,056,000) as at 31 December 2018 represent contractor registrations and contracts backlog arising from the acquisition of ACE Engineering in 2016.

The contractor registrations are recognised as intangible assets with indefinite useful live and measured initially at cost and subsequently measured at cost less accumulated impairment losses. The contracts backlog is recognised as intangible assets with finite useful life and measured initially at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses. The contracts backlog was amortised over the period up to the completion of each of the contracts. During the year ended 31 December 2018, the amortisation of intangible asset was approximately HK$40,000 (2017: HK$241,000) (Note 6).

The contractor registrations and contracts backlog relate to the segment of Building Contract Works Business which constitutes a CGU, and have been assessed for impairment as detailed in Note 10(i). Based on the impairment assessment performed by management, the Directors are of the opinion that no impairment on the intangible assets is considered necessary.

12. Held-for-trading investments

At 31 December 2018 and 2017, these investments represented investments in equity securities listed in Hong Kong. The fair values of the investments are determined with reference to the quoted market bid prices on the Stock Exchange.

13. Trade and other receivables

	2018	2017
	HK$'000	*HK$'000*
Trade receivables *(Note (i))*	**15,440**	12,063
Loss allowance *(Notes (i) & (iii))*	**(489)**	–
	14,951	12,063
Retention receivables *(Note (ii))*	**6,454**	8,180
Loss allowance *(Note (iii))*	**(29)**	–
	6,425	8,180
Loan receivables *(Note (iv))*	**139,684**	110,114
Loss allowance *(Note (iv))*	**(3,253)**	–
	136,431	110,114
Amounts due from customers for contract work	**–**	412
Other deposits, prepayments and other receivables *(Note (v))*	**20,309**	18,415
Total trade and other receivables	**178,116**	149,184

Notes:

(i) The Group allows an average credit period of 30 to 90 days (2017: 30 to 90 days) to its trade customers. The ageing analysis of trade receivables (net of accumulated impairment losses) by invoice date is as follows:

	2018	2017
	HK$'000	*HK$'000*
Current	**5,815**	5,175
1 to 90 days	**6,520**	3,374
91 to 180 days	**187**	1,431
Over 180 days	**2,429**	2,083
Trade receivables	**14,951**	12,063

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current liability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customers operate. The Group does not hold any collateral over these balances. As at 31 December 2017, receivables that were neither past due nor impaired constitute about 72% of total trade receivables, and relate to a wide range of customers for whom there was no recent history of default. The following is an ageing analysis of trade receivables (net of accumulated impairment losses) by due date as at 31 December 2017.

	HK$'000
Neither past due nor impaired	8,745
Less than 3 months past due	1,111
3 to 6 months past due	731
Over 6 months past due	1,476
	3,318
Trade receivables	12,063

As at 31 December 2017, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$3,318,000 which are past due as at the reporting date for which the Group has not provided any impairment loss. The Group does not hold any collateral over these balances.

As at 31 December 2017, receivables that were past due but not impaired relate to a number of independent customers that have a good repayment record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

(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.

Retention receivables have decreased due to completion of retention period of several construction contracts during the current year.

(iii) As at 31 December 2018, the Group measures loss allowance for trade and retention receivables at an amount equal to lifetime expected credit losses ("ECL"), which is calculated using a provision matrix.

The Group categorises its trade and retention receivables based on the ageing. Future cash flows for each group of receivables are estimated on the basis of historical default experience over the past two years, adjusted for factors that are specific to the customers and the effects of current conditions as well as forward looking information. For receivables relating to accounts which are long overdue with significant amounts or known insolvencies, they are assessed individually for impairment provision.

The following table provides information about the Group's exposure to credit risk and ECL for trade and retention receivables as at 31 December 2018.

	Expected loss rate	Gross carrying amount – Trade receivables *HK$'000*	Gross carrying amount – Retention receivables *HK$'000*	Loss allowance *HK$'000*
Not past due	0.4%	12,299	6,454	83
Less than 3 months past due	0.7%	279	–	2
3 to 6 months past due	4.6%	283	–	13
Over 6 months past due	16.3%	2,579	–	420
		3,141	–	435
Total		15,440	6,454	518

The movement in loss allowance recognised for trade and retention receivables during the current year is as follows:

	Trade receivables *HK$'000*	Retention receivables *HK$'000*	Total *HK$'000*
Balance as at 1 January 2018 *(Note 2(c)(i)(B))*	434	35	469
Impairment loss recognised	109	–	109
Amount written off as uncollectible	(54)	–	(54)
Impairment loss reversed	–	(6)	(6)
Balance as at 31 December 2018	489	29	518

The significant changes in the gross carrying amount of trade receivables contributed to the increase in the loss allowance during the current year include (i) settlement in full by customers that were over 3 months past due which resulted in a decrease in loss allowance of approximately HK$188,000; and (ii) origination of new trade receivables net of those settled as well as increase in days past due over 3 months which resulted in an increase in loss allowance of approximately HK$268,000.

(iv) 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 (2017: 6% to 8% per annum). All of the loan receivables were unsecured as at 31 December 2018 and 2017.

As at 31 December 2018, none of the loan receivables had become past due. Loss allowance for expected credited loss has been made on an individual basis under 12-month ECL assessment. The movement in loss allowance recognised for loan receivables during the current year is as follows:

	HK$'000
Balance as at 1 January 2018 *(Note 2(c)(i)(B))*	2,215
Impairment loss recognised	1,038
Balance as at 31 December 2018	3,253

The significant change in the gross carrying amount of loan receivables contributed to the increase in the loss allowance during the current year includes origination of new loan receivables net of those settled which resulted in an increase in loss allowance of approximately HK$755,000.

Loan receivables were neither past due nor impaired as at 31 December 2017.

(v) The Group's other deposits, prepayments and other receivables represented the following amounts as at the end of the reporting period.

	2018 ***HK$'000***	2017 *HK$'000*
Prepayments	**3,603**	1,067
Deposits	**7,435**	7,815
Other receivables	**9,271**	9,533
	20,309	18,415

As at 31 December 2018, included in the Group's deposits is as an amount of approximately HK$6,779,000 (2017: HK$6,779,000) which represented deposit placed with securities broker for the trading of investment securities.

As at 31 December 2018 and 2017, the Group's other receivables mainly represented payment of expenses on behalf of subcontractors.

14. Trade and other payables

	2018 ***HK$'000***	2017 *HK$'000*
Trade payables	**19,001**	14,186
Retention payables	**3,418**	4,256
Contract liabilities	**715**	–
Accruals and other payables	**43,631**	43,233
	66,765	61,675

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

	2018	2017
	HK$'000	*HK$'000*
Within 3 months	**16,923**	12,246
Over 3 months but within 6 months	**239**	661
Over 6 months	**1,839**	1,279
	19,001	14,186

The average credit period on trade purchases is 30-90 days (2017: 30-90 days).

As at 31 December 2018, contract liabilities of approximately HK$715,000 (1 January 2018: HK$nil) represented payments received in advance that were related to sales of goods not yet delivered to customers arising from the Medical Devices Business and Plastic Moulding Business. The Group will recognise this amount as revenue when the goods are delivered to the customers. There was no revenue recognised in the current year that was included in the contract liability balance at the beginning of the year.

As at 31 December 2018 and 2017, included in the Group's accruals and other payables are an amount due to Titron Group Holdings Limited ("TGHL") of approximately HK$1,700,000 and the cash consideration of HK$7,500,000 payable to the Vendors of Titron Group (as defined and detailed in the Company's circular dated 12 August 2011) arising from the acquisition of Titron Group in 2011. TGHL was one of the Vendors of Titron Group. Titron Group is principally engaged in the Medical Devices Business and the Plastic Moulding Business. One of the shareholders of TGHL, Mr. Yip Wai Lun, Alvin, was a former shareholder and the former Chairman and Managing Director of the Company. The amounts were unsecured, interest-free and repayable on demand as at 31 December 2018 and 2017.

As at 31 December 2018 and 2017, included in the Group's accruals and other payables are surety bonds payable in the amount of HK$28,798,000 which represented several bonded sums received by the Group from a contractor payable to employers of the contractor as security for good performance on the part of the contractor for certain building contract works of the employers. The amounts were unsecured, interest-free and repayable on demand as at 31 December 2018 and 2017.

15. Bond payables

On 12 October 2018, the Company issued unlisted bonds to an independent third party with an aggregate principal amount of HK$30,000,000. The bonds are unsecured and issued at the 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). Interest payables of the bonds were included with the bond payables in the consolidated statement of financial position. The proceeds from the issue of the bonds are used for the principal activities and general working capital of the Group.

16. Share capital

	Number of shares	**Amount**
		HK$'000
Authorised:		
Balance as at 31 December 2017 and 31 December 2018	40,000,000,000	400,000
Issued and fully paid:		
Balance as at 31 December 2017 and 31 December 2018	1,862,679,481	18,627

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS, BUSINESS REVIEW AND PROSPECTS

Results

The total revenue of the Group increased HK$24.4 million or 27.8%, from HK$87.9 million last year to HK$112.3 million for the year ended 31 December 2018. Such an increase was mainly attributable to the increase in revenue from the manufacture and sale of medical devices business ("Medical Devices Business") and 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$23.6 million, representing an increase of HK$3.2 million or 15.7% as compared to HK$20.4 million in 2017. Gross profit margin decreased by 2.2 percentage points to 21.0% (2017: 23.2%), primarily as a result of decrease in gross profit margin of the Medical Devices Business and Building Contract Works Business in current year.

During the year under review, the Group recorded other losses, net of other income and other gains, of HK$9.7 million, as compared to that of HK$128.2 million in the corresponding year of 2017. The significant decrease in the losses was mainly attributable to the decrease in unrealised fair value loss of held-for-trading investments arising from the business of investment in securities ("Securities Investment") in current year and absence of the realised fair value loss of the held-for-trading investments recorded in previous year.

The distribution costs declined by HK$0.1 million to HK$0.2 million during the year under review (2017: HK$0.3 million), representing a reduction of 33.3% over the corresponding year of 2017, under stringent cost control in current year. The administrative expenses amounted to HK$39.7 million, which remained relatively stable as compared to that of HK$39.8 million for the corresponding year of 2017, primarily as a result of the combined effect of the impairment losses recognised on goodwill and financial assets and increase in staff costs and other general administrative costs during current year, and absence of the share-based payment expenses incurred for previous year.

Finance costs amounted to HK$0.7 million (2017: HK$nil) for the year under review, which represented interest on bonds issued during current year.

As a result, the overall loss attributable to owners of the Company was HK$26.7 million, which decreased significantly by HK$121.2 million as compared to HK$147.9 million loss for the corresponding year of 2017.

Business Review

Medical Devices Business

For the year ended 31 December 2018, the Medical Devices Business recorded revenue of HK$47.3 million, which increased by 24.5% or HK$9.3 million as compared to that of HK$38.0 million in the previous year. This amount represented 42.1% of the Group's total revenue for the year under review. In 2018, the economy of the United States of America ("America") has maintained steady growth, and the Medical Devices Business has benefited from the continual recovery of sales order from our key customer in America, causing revenue of the Medical Devices Business to increase during the current year.

Segment profit of the Medical Devices Business amounted to HK$5.3 million for the year ended 31 December 2018, representing an increase of HK$2.4 million or 82.8% as compared to that of HK$2.9 million in the corresponding year of 2017. The increase in segment profit was primarily as a result of increase in sales orders and effective cost control achieved as indicated by the year-over-year decrease in distribution costs and administrative expenses as a percentage of revenue, partially offset by lower margin in price yielded by the medical devices product in the current year. With the continual recovery of sales order, the Group is persisting to deploy business strategies of streamlining and outsourcing of business processes, implementing stringent cost control and ensuring effective utilization of resources in order to maintain its long-term sustainable competitive advantages in the business segment.

Manufacture and sale of plastic moulding products ("Plastic Moulding Business")

The revenue from the Plastic Moulding Business decreased by 10.5% or HK$0.2 million to HK$1.7 million, as compared to HK$1.9 million in the previous year, which accounted for 1.5% of the Group's total revenue for the year under review. A majority of plastic moulding products suffered from declining sales orders as relevant customers' end products have reached the end of their product life cycle, causing continuous decline in revenue of the Plastic Moulding Business 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.

Despite persistent efforts in the improvement in profit margins of sales orders and cost control in the reduction of distribution costs and administrative expenses, the Group recorded segment loss of HK$0.4 million for the year under review, representing an increase of HK$0.1 million or 33.3% as compared to that of HK$0.3 million for the corresponding year of 2017, primarily due to the continuous decline in sale orders. As such, the Group has shifted assets and resources of this segment to other more profitable business units, but will continue the operation of the Plastic Moulding Business as long as it still contributes sufficiently to share appropriate portion of the administration and operation cost of the Group.

Building Contract Works Business

For the year ended 31 December 2018, revenue from the Building Contract Works Business generated by ACE Engineering Limited ("ACE Engineering"), a wholly-owned subsidiary of the Company, amounted to HK$54.6 million, representing an increase of HK$12.7 million or 30.3% as compared to HK$41.9 million for the corresponding year of 2017, which contributed 48.6% of the Group's total revenue for the year under review. The increase in revenue was primarily due to the net effect of (i) substantial completion of several significant private contracts during the previous year; and (ii) several significant public contracts newly awarded near the end of 2017 and early in 2018 were in full swing during the current year. This business recorded a gross profit of HK$4.6 million (2017: HK$4.9 million) and gross profit margin of 8.4% (2017: 11.7%). The decrease in gross profit margin was primarily attributable to (i) revenue growth in public sector which yielded lower margins in price; (ii) decrease in awards of projects in the private sector which yielded higher margins in price, under more fierce market competition of the building construction and maintenance industry during the year; and (iii) rise in subcontracting costs resulting from increased labour costs. Segment loss of this business increased to HK$5.0 million for the year ended 31 December 2018, as compared to that of HK$0.1 million for the corresponding year of 2017, primarily as a result of the net effect of (i) decrease in gross profit margin; (ii) increase in administrative expenses mainly due to increase in staff costs; (iii) reduction in amortisation charges of intangible asset acquired as part of the acquisition of the business which was non-cash item and amounted to HK$0.04 million for the year under review (2017: HK$0.24 million); and (iv) an impairment loss on goodwill of HK$3.8 million (2017: HK$nil) recognised in the current year mainly due to the performance of this business had not matched the anticipation of the management owing to the continuous curtailment of profit margin resulting in operating loss for the year.

As at 31 December 2018, ACE Engineering had undertaken eight building maintenance and/or renovation projects from the Hong Kong Housing Society and the Hong Kong Housing Authority with the contract sums ranging from approximately HK$0.6 million to HK$23.9 million and the aggregate contract sum of approximately HK$75.1 million. Hence, the aggregate contract sums from public sector amounted to approximately HK$75.1 million and the aggregate estimated paid and payable subcontracting fee of those eight existing construction projects undertaken by ACE Engineering was approximately HK$69.9 million. As at 31 December 2018, approximately HK$46.3 million of the aggregate contract sums was still outstanding and those eight construction projects were pending to be completed within next two years.

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

Provision of money lending ("Money Lending Business")

For the year ended 31 December 2018, the Group recorded loan interest income of HK$8.7 million from its Money Lending Business, representing an increase of HK$2.6 million or 42.6% as compared to HK$6.1 million for the previous year, which accounted for 7.8% of the Group's total revenue for the year under review. Segment profit of the Money Lending Business amounted to HK$7.4 million (2017: HK$5.8 million). The outstanding principal and interest amount of loan receivables as at 31 December 2018 was HK$139.7 million (31 December 2017: HK$110.1 million). Loss allowance for expected credit loss of HK$3.3 million has been made for loan receivables as at 31 December 2018 under the expected loss model (31 December 2017: nil). 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 no realised gain or loss (2017: realised loss of HK$59.1 million) and unrealised loss of HK$10.0 million (2017: HK$75.2 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 2018. No dividend income was received from the held-for-trading investments during the year under review (2017: nil). Segment loss of the Securities Investment amounted to HK$10.0 million (2017: HK$134.4 million).

As at 31 December 2018, the Group held 8 listed equity securities in Hong Kong with the fair value of HK$25.2 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 2018, are as follows:

Company Name/Stock Code	**% of shareholding as at 31 December 2018**	**Fair value gain/(loss) for the year ended 31 December 2018**	**Fair value as at 31 December 2018**	**% of total assets of the Group as at 31 December 2018**
		HK$'000	*HK$'000*	
Securities listed in Hong Kong				
China e-Wallet Payment Group Limited ("China e-Wallet") (802) *(Note (a))*	1.859%	(10,047)	9,843	4.2%
WLS Holdings Limited ("WLS") (8021) *(Note (b))*	1.359%	1,757	9,372	4.0%
Others *(Note (c))*		(1,715)	6,003	2.6%
		(10,005)	25,218	10.8%

Notes:

(a) China e-Wallet is principally engaged in the provision of biometric and radio frequency identification products and solution services, internet and mobile application and related services. As disclosed in the interim report of China e-Wallet for the six months ended 30 June 2018, it recorded unaudited net loss attributable to its owners of HK$7.7 million for the six months ended 30 June 2018. With regards to the future prospects of China e-Wallet, the directors of the Company (the "Directors") noted that China e-Wallet takes cognizance of its position in the current economy and continues to be cautious but innovative in implementing its business strategies. Its focus remains in the vast growing technology sector while investing its resources in innovating potential hybrid business solutions to suite the ever challenging economy.

(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 brokerage and margin financing, securities investment business and assets management business. As disclosed in the third quarterly report of WLS for the nine months ended 31 January 2019, it recorded unaudited net loss attributable to its owners of HK$20.3 million for the nine months ended 31 January 2019. With regards to the future prospects of WLS, the Directors noted that WLS is prudently optimistic about its prospects. 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 also plans to continue expanding those business segments with higher profit margins and growth potential, such as money lending and securities brokerage operations, 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 2018.

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

Building on a diversified business portfolio, the Group will continue its steps to formulate, evaluate and modify business strategies of our existing businesses in order to facilitate and further their business development. To cope with the business development of the business segments, the Group will seek 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 performance. The Group will perform constant and dynamic performance appraisals and assessment to evaluate the ongoing business development. The Group will also continue its efforts in maintaining liquidity by effective working capital management and costs control, 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 of business strategies to develop our existing business segments, the Group will seek to optimize its business portfolio by adjusting it to adapt to the changing business climate, trend and environment, as well as proactively exploring and exploiting every potentially profitable business and investment opportunity, with the ultimate goal to generate and maximize shareholders' value and return, and maintain the Group's momentum to grow and prosper sustainably.

FINANCIAL REVIEW

Capital structure

As at 31 December 2018, the Group's consolidated net assets was HK$135.8 million, representing a decrease of HK$29.9 million as compared to that of HK$165.7 million as at 31 December 2017.

As at 31 December 2018, the Company has 1,862,679,481 ordinary shares of HK$0.01 each in issue.

Debt structure

As at 31 December 2018 and 2017, the Group's total borrowings from financial institutions were zero. The Group's total cash and bank balances amounted to HK$18.3 million as at 31 December 2018, which decreased HK$8.0 million as compared to that of HK$26.3 million as at 31 December 2017.

Issue of bonds

On 12 October 2018, the Company issued unlisted bonds to an independent third party with an aggregate principal amount of HK$30,000,000. 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 proceeds from the issue of the bonds are used for the principal activities and general working capital of the Group.

The Group's gearing ratio was 9.1% as at 31 December 2018, while that it was not applicable as at 31 December 2017 because the Group had a net cash balance at that date. The ratio was determined by net debt, which was defined as total interest-bearing liabilities comprising bond payables less cash and cash equivalents, over shareholders' equity.

Working capital and liquidity

As at 31 December 2018, both of the Group's current ratio and quick ratio were 3.3 (31 December 2017: 3.4). Inventory turnover on sales was 0 day (31 December 2017: 0 day). Receivable turnover was 44 days (31 December 2017: 49 days).

Contingent liabilities and charges

As at 31 December 2018 and 2017, the Group had not pledged any assets to secure bank facilities and finance lease obligations. The Group had no material contingent liabilities as at 31 December 2018 and 2017.

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 2018, the Group's employees number was 42 (31 December 2017: 37). 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.

FINAL DIVIDEND

No payment of dividends has been proposed by the Board in respect of the year ended 31 December 2018 (2017: 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 2018 as set out in Appendix 14 of 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 the 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 2018. 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.

Under (i) Rule 3.10(1) of the Listing Rules, the Board shall comprise at least three independent non-executive directors; (ii) Rule 3.10(2) of the Listing Rules, at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise; (iii) Rule 3.21 of the Listing Rules, the audit committee shall comprise at least three members, that at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules and that the audit committee must be chaired by an independent non-executive director; (iv) Rule 3.25 of the Listing Rules, the remuneration committee shall comprise a majority of independent non-executive directors; and (v) code provision A.5.1 of the CG Code, the number of independent non-executive directors shall represent the majority of the nomination committee.

Subsequent to the resignation of Mr. Li Kwok Fat as an Independent Non-executive Director and a member of the audit committee of the Company ("Audit Committee") with effect from 27 December 2017, the number of Independent Non-executive Directors and the members of the Audit Committee fell below the minimum number required under Rules 3.10(1) and 3.21 of the Listing Rules. On 7 March 2018, Mr. Wong Siu Ki, an Independent Non-executive Director, the chairman of the Audit Committee and a member of each of the remuneration committee of the Company ("Remuneration Committee") and nomination committee of the Company ("Nomination Committee"), passed away. Subsequent to the pass away of Mr. Wong Siu Ki, the required composition of the Remuneration Committee and the Nomination Committee fell below the requirements under Rule 3.25 of the Listing Rules and code provision A.5.1 of the CG Code. Moreover, there was not at least one of the Independent Non-executive Directors had appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. Further, there was not at least one of the members of the Audit Committee was an Independent Non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules and that the Audit Committee was not chaired by an Independent Non-executive Director as required under Rule 3.21 of the Listing Rules. On 15 March 2018, the Board appointed (i) Mr. Au Yeung Ming Yin Gordon as an Independent Non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee, and (ii) Mr. Guo Zhenhui as an Independent Non-executive Director and a member of each of the Audit Committee and Nomination Committee. Following the appointment of Mr. Au Yeung Ming Yin Gordon and Mr. Guo Zhenhui, the Company has fully complied with the requirements under Rules 3.10(1), 3.10(2), 3.21 and 3.25 of the Listing Rules and code provision A.5.1 of the CG Code.

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 2018.

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 currently 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 2018.

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 2018 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, 28 March 2019

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.