AMCO
United Holding Limited
雋泰控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 630)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the "Board") of directors (the "Directors") 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 2020 together with the comparative figures for the corresponding period in 2019, as follows.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	**Six months ended 30 June** **2020** **Unaudited** ***HK$'000***	2019 Unaudited *HK$'000*
Revenue	*3*	**27,668**	45,448
Cost of sales and services		**(19,876)**	(33,933)
Gross profit		**7,792**	11,515
Other income and other gains or losses	*4*	**(199)**	(3,281)
Distribution costs		**(9)**	(96)
Administrative expenses		**(18,199)**	(23,086)
Finance costs		**(1,535)**	(1,515)
Loss before income tax	*5*	**(12,150)**	(16,463)
Income tax credit	*6*	**340**	–
Loss and total comprehensive income for the period attributable to owners of the Company		**(11,810)**	(16,463)
Loss per share			
Basic and diluted	*8*	**HK(0.62) cent**	HK(0.88) cent

* *For identification purposes only*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	**30 June 2020 Unaudited *HK$'000***	31 December 2019 Audited *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1,320**	2,194
Goodwill	*9*	**–**	–
Intangible asset		**1,408**	3,470
		2,728	5,664
Current assets			
Inventories		**34**	34
Held-for-trading investments		**12,668**	14,277
Trade and other receivables	*10*	**130,383**	160,554
Cash and cash equivalents		**27,663**	12,288
		170,748	187,153
Current liabilities			
Trade and other payables	*11*	**22,149**	53,214
Lease liabilities		**1,322**	1,354
		23,471	54,568
Net current assets		**147,277**	132,585
Total assets less current liabilities		**150,005**	138,249
Non-current liabilities			
Bond payables		**32,158**	30,666
Deferred tax liability		**232**	572
Lease liabilities		**195**	724
		32,585	31,962
Net assets		**117,420**	106,287
EQUITY			
Share capital	*12*	**20,489**	18,627
Reserves		**96,931**	87,660
Total equity		**117,420**	106,287

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 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 Company and its subsidiaries (hereinafter 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 accounting policies

The interim condensed consolidated financial statements for the six months ended 30 June 2020 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 and with the Hong Kong Accounting Standard 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 for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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

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 2019.

In the current interim period, the Group has adopted all the new and revised standard, amendments and interpretation ("new and revised HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2020. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current and prior accounting period.

The Group has not early applied any new and revised HKFRSs that are not yet effective for the current period.

3. Segment information

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 (30 June 2019: five) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

(1) 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 and services. 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:

Six months ended 30 June 2020 (Unaudited)

	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	10,500	243	11,697	5,228	–	27,668
Reportable segment revenue	10,500	243	11,697	5,228	–	27,668
Timing of revenue recognition						
At a point in time	10,500	243	–	–	–	10,743
Over time	–	–	11,697	5,228	–	16,925
	10,500	243	11,697	5,228	–	27,668
Reportable segment profit/(loss)	103	39	(3,291)	447	(1,612)	(4,314)

Six months ended 30 June 2019 (Unaudited)

	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	17,561	454	21,751	5,682	–	45,448
Reportable segment revenue	17,561	454	21,751	5,682	–	45,448
Timing of revenue recognition						
At a point in time	17,561	454	–	–	–	18,015
Over time	–	–	21,751	5,682	–	27,433
	17,561	454	21,751	5,682	–	45,448
Reportable segment profit/(loss)	1,484	(101)	(5,070)	5,077	(3,705)	(2,315)

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.

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

Reportable segment assets and liabilities

	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***
As at 30 June 2020 (unaudited)						
Reportable segment assets	**4,442**	**140**	**17,505**	**110,713**	**12,671**	**145,471**
Reportable segment liabilities	**(4,114)**	**(1,219)**	**(6,873)**	**(109)**	**–**	**(12,315)**

	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*
As at 31 December 2019 (audited)						
Reportable segment assets	3,931	143	22,003	132,760	21,056	179,893
Reportable segment liabilities	(4,649)	(1,283)	(9,149)	(28,798)	–	(43,879)

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.

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

	Six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**27,668**	45,448
Consolidated revenue	**27,668**	45,448
Loss before income tax		
Reportable segment loss	**(4,314)**	(2,315)
Finance costs	**(1,535)**	(1,515)
Unallocated corporate income	**1,191**	2
Unallocated corporate expenses	**(7,492)**	(12,635)
Consolidated loss before income tax	**(12,150)**	(16,463)

4. Other income and other gains or losses

	Six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Exchange (loss)/gain, net	**(164)**	69
Loss on change in fair value of held-for-trading investments	**(1,609)**	(3,704)
Interest income	**1**	3
Others	**1,573**	351
	(199)	(3,281)

5. Loss before income tax

	Six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Loss before income tax has been arrived at after charging:		
Staff costs (including directors' emoluments)		
– Salaries, wages and other benefits	**5,032**	6,904
– Contributions to defined contribution retirement plan	**125**	146
– Share-based payment expenses	**5,068**	2,505
	10,225	9,555
Depreciation of property, plant and equipment	**692**	541
Expense relating to short-term leases	**58**	512
Expense relating to lease of low-value asset	**5**	5
Impairment loss on property, plant and equipment	**317**	–
Impairment loss on goodwill *(Note 9)*	**–**	4,076
Impairment loss on intangible asset	**2,062**	–
Net impairment loss on trade and other receivables *(Note 10)*	**4,734**	482
Share-based payment expenses (other than employee costs)	**–**	2,504
Cost of inventories recognised as expenses	**9,516**	13,822
Cost of services	**10,360**	19,971

6. Income tax credit

	Six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Deferred tax credit – current period	**340**	–

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. No Hong Kong Profits Tax was provided for both periods as members of the Group did not derive any estimated assessable profits or had sufficient tax losses brought forward to offset against the estimated assessable profits for the periods ended 30 June 2020 and 2019.

7. Interim dividend

No dividends were paid, declared or proposed during the reporting period. The board of directors of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2020 and 2019.

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:

	Six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Loss		
Loss for the period for the purpose of computation of basic loss per share	**(11,810)**	(16,463)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue	**1,911,173**	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 six months ended 30 June 2020 and 2019.

The Company's outstanding share options as at 30 June 2020 and 2019 were not taken into account as they had an antidilutive effect for the six months ended 30 June 2020 and 2019 which would result in a reduction in the loss per share.

9. 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 goodwill as at 30 June 2020 and 31 December 2019 relates to business units acquired in prior years, as further explained below.

	30 June 2020	31 December 2019
	Unaudited	Audited
	HK$'000	*HK$'000*
Cost		
At beginning and end of the period/year *(Notes (i) & (ii))*	**77,558**	77,558
Accumulated impairment losses		
At beginning of the period/year *(Notes (i) & (ii))*	**(77,558)**	(71,179)
Impairment loss recognised in the period/year *(Note (i))*	**–**	(6,379)
At end of the period/year	**(77,558)**	(77,558)
Carrying amount at end of the period/year	**–**	–

Notes:

(i) Building Contract Works Business

At 30 June 2020 and 31 December 2019, 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. At 30 June 2020 and 31 December 2019, impairment of goodwill of approximately HK$10,196,000 was made.

The recoverable amount of the CGU, has been determined based on a value in use calculation. The value in use calculation was determined by using the discounted cash flow method to estimate the present value of the future cash flows expected to be derived from the CGU, and valued by International Valuation Limited, a firm of independent qualified valuers not connected to the Group. The calculation uses cash flow projections based on estimates and financial budgets approved by the directors of the Company. These projections cover a five-year period, and have been discounted using a pre-tax discount rate of 11.20% (31 December 2019: 11.60%). The cash flows beyond that five-year period have been extrapolated using a steady growth rate of 3% (31 December 2019: 3%). Cash flow projections during the budget period are based on budgeted gross margins which range from 9.0% to 13.5% (31 December 2019: 7.4% to 13.0%).

All of the assumptions and estimations involved in the preparation of the cash flow projections are determined by the management of the Group based on past performance, experience and their expectation for future market development. The key assumptions for the cash flow projections include budgeted gross margins, discount rate and growth rate. Budgeted gross margins are based on past performance including the average gross margins achieved in the period immediately before the budget period, increased for expected efficiency improvements, and expected market development. The discount rate is the rate that reflects current market assessments of the time value of money and the risks specific to the CGU. When determining the estimated discount rate, the Group used key parameters by reference to certain companies of the same industry. The growth rate is based on the long-term average economic growth rate of the geographical area in which the business of the CGU operates.

Based on the assessment, the recoverable amount of the CGU is determined to be approximately HK$13,944,000 (31 December 2019: HK$16,994,000). The carrying amount of the CGU has been reduced to the recoverable amount and accordingly, an impairment loss of HK$nil (six months ended 30 June 2019: approximately HK$4,076,000) (Note 5), approximately HK$317,000 (six months ended 30 June 2019: HK$nil) and approximately HK$2,062,000 (six months ended 30 June 2019: HK$nil) has been recognised on goodwill, property, plant and equipment and intangible asset respectively in the current period. This impairment loss is primarily due to the performance of this business segment not matching up to management's expectations in first half of 2020 and the business unit's expected performance in second half of 2020 and beyond based on the latest information available. Much of the problem arose due to continued decrease in awards of projects in both public and private sectors, under the stringent and competitive market environment of the building construction and maintenance industry during the period. 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 30 June 2020 and 31 December 2019, goodwill of approximately HK$67,362,000 relates to the Medical Devices Business unit acquired as part of the acquisition of the Titron Group (as defined and detailed in the Company's circular dated 12 August 2011) in 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.

10. Trade and other receivables

	30 June 2020 Unaudited ***HK$'000***	31 December 2019 Audited *HK$'000*
Trade receivables	**8,606**	8,234
Loss allowance	**(807)**	(699)
	7,799	7,535
Retention receivables	**4,847**	5,239
Loss allowance	**(17)**	(27)
	4,830	5,212
Loan receivables	**119,102**	136,582
Loss allowance	**(8,514)**	(3,878)
	110,588	132,704
Other deposits, prepayments and other receivables	**7,166**	15,103
Total trade and other receivables	**130,383**	160,554

The Group allows an average credit period of 30 to 90 days (31 December 2019: 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:

	30 June 2020 Unaudited ***HK$'000***	31 December 2019 Audited *HK$'000*
0 to 90 days	**3,683**	3,088
91 to 180 days	**161**	298
Over 180 days	**3,955**	4,149
	7,799	7,535

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.

The movement in loss allowance for lifetime expected losses that have been recognised for trade and retention receivables during the current period is as follows:

	HK$'000
Balance as at 31 December 2019	726
Impairment loss recognised	108
Impairment loss reversed	(10)
Balance as at 30 June 2020	824

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 (31 December 2019: 6% to 12% per annum). All of the loan receivables were unsecured as at 30 June 2020 and 31 December 2019. The ageing analysis of loan receivables (net of accumulated impairment losses) by due date is as follows:

	30 June 2020	31 December 2019
	Unaudited	Audited
	HK$'000	*HK$'000*
Not past due	**110,588**	132,704

At 30 June 2020 and 31 December 2019, loss allowance for expected credit loss ("ECL") has been made for loan receivables under 12-month or lifetime expected loss assessment. The movement in loss allowance recognised for loan receivables during the current period is as follows:

	12-month ECL	**Lifetime ECL – credit impaired**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Balance as at 31 December 2019	3,878	–	3,878
Impairment loss recognised	–	4,950	4,950
Impairment loss reversed	(314)	–	(314)
Balance as at 30 June 2020	3,564	4,950	8,514

11. Trade and other payables

	30 June 2020 Unaudited ***HK$'000***	31 December 2019 Audited *HK$'000*
Trade payables	**5,498**	6,892
Retention payables	**2,252**	2,557
Contract liabilities	**–**	50
Accruals and other payables	**14,399**	43,715
	22,149	53,214

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

	30 June 2020 Unaudited ***HK$'000***	31 December 2019 Audited *HK$'000*
Within 3 months	**2,391**	4,607
Over 3 months but within 6 months	**892**	200
Over 6 months	**2,215**	2,085
	5,498	6,892

As at 30 June 2020, contract liabilities of HK$nil (31 December 2019: approximately HK$50,000) represented payments received in advance that were related to sales of goods not yet delivered to customers arising from the Plastic Moulding Business. Revenue recognised in the current period that was included in the contract liability balance at the beginning of the period was approximately HK$50,000.

As at 30 June 2020 and 31 December 2019, 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 30 June 2020 and 31 December 2019.

As at 31 December 2019, 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 2019. The surety bonds payable in the amount of HK$28,798,000 were fully settled during the six months ended 30 June 2020.

12. Share capital

	Number of shares	Amount
		HK$'000
Authorised:		
Balance as at 31 December 2019 and 30 June 2020	40,000,000,000	400,000
Issued and fully paid:		
Balance as at 1 January, 31 December 2019 and 1 January 2020	1,862,679,481	18,627
Share options exercised *(Note)*	186,200,000	1,862
Balance as at 30 June 2020	2,048,879,481	20,489

Note: During the six months ended 30 June 2020, share options were exercised to subscribe for 186,200,000 ordinary shares of the Company of HK$0.01 each at an aggregate consideration of approximately HK$17,875,000 in which approximately HK$1,862,000 was credited to share capital and the balance of approximately HK$16,013,000 was credited to the share premium account. Capital reserve for share options of approximately HK$5,009,000 has been transferred correspondingly to the share premium account.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS, BUSINESS REVIEW AND PROSPECTS

Results

For the six months ended 30 June 2020, AMCO United Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in (i) manufacture and sale of medical devices products ("Medical Devices Business"); (ii) manufacture and sale of plastic moulding products ("Plastic Moulding Business"); (iii) provision of construction services in building construction, building maintenance and improvement works, project management, renovation and decoration works ("Building Contract Works Business"); (iv) provision of money lending ("Money Lending Business"); and (v) investment in securities ("Securities Investment").

During the period under review, revenue of the Group amounted to HK$27.7 million, representing a decrease of HK$17.8 million or 39.1% from HK$45.5 million for the corresponding period last year. Such a decrease was mainly attributable to the decrease in revenue from the Medical Devices Business and Building Contract Works Business.

Gross profit of the Group was HK$7.8 million, representing a decrease of HK$3.7 million or 32.3% as compared to HK$11.5 million for the corresponding period last year. Gross profit margin slightly increased by 2.9 percentage points to 28.2% (30 June 2019: 25.3%).

Other losses, net of other income and other gains, during the period under review recorded HK$0.2 million, a decrease of HK$3.1 million or 93.9% as compared to HK$3.3 million in the corresponding period of 2019. The amount included unrealised fair value loss of held-for-trading investments arising from Securities Investment in the current period, which decreased as compared to that recorded in the corresponding period last year.

The distribution costs declined by HK$0.09 million to HK$0.01 million during the period under review (30 June 2019: HK$0.10 million), representing a reduction of 90.0% over the corresponding period of 2019, alongside with the decrease in revenue of Medical Devices Business and Plastic Moulding Business. The administrative expenses decreased by HK$4.9 million to HK$18.2 million (30 June 2019: HK$23.1 million), representing a decrease of 21.2% over the corresponding period last year, primarily as a result of the combined effect of the decrease in staff costs and other general administrative costs under stringent cost control during the current period and absence of the impairment loss recognised on goodwill in the corresponding period of 2019, and the impairment loss recognised on intangible asset in the current period.

Finance costs amounted to HK$1.5 million (30 June 2019: HK$1.5 million) for the period under review, which represented interest on bond payables and lease liabilities.

As a result, the overall loss attributable to owners of the Company was HK$11.8 million, which decreased by HK$4.7 million or 28.3% as compared to HK$16.5 million loss for the corresponding period of 2019.

Business Review

Medical Devices Business

For the six months ended 30 June 2020, the revenue from Medical Devices Business decreased by HK$7.1 million or 40.2% to HK$10.5 million for the six months ended 30 June 2020, as compared to revenue of HK$17.5 million recorded in the same period last year, which accounted for 37.9% of the Group's total revenue for the period under review. In the first half of 2020, the economy of the United States of America ("America") has gone increasingly uncertain under the outbreak of COVID-19 coupled with uncertain global trade environment while thorny issues in the trade deal between China and America remain unresolved, the Medical Devices Business has not received sales order from our customer in America, causing revenue of for the Medical Devices Business to decrease during the current period.

Segment profit of the Medical Devices Business amounted to HK$0.1 million for the six months ended 30 June 2020 as a result of the decrease of sales order, as compared to segment profit of HK$1.5 million in the corresponding period last year. To cope with the challenge of fluctuating sales order, the Group is persisting to deploy business strategies of streamlining and outsourcing of business processes, implementing strict cost control and ensuring effective utilisation of resources with an aim to maintain its long-term sustainable competitive advantages in the business segment. In the meantime, the Group is actively exploring and identifying potential business opportunities to expand its customer base of the business segment in order to generate and broaden the income streams of the Medical Devices Business.

Plastic Moulding Business

The revenue from the Plastic Moulding Business decreased by HK$0.2 million or 40.0% to HK$0.3 million for the six months ended 30 June 2020, as compared to HK$0.5 million in the corresponding period last year, which accounted for 0.9% of the Group's total revenue for the period under review. A majority of plastic moulding products have suffered from declined sales orders as relevant customers' end products have reached the end of their product life cycle, causing continuous decline in revenue of the Plastic Moulding Business during the period under review. In view of this, the Group is actively exploring and identifying potential business opportunities to expand its customer base of the business segment in order to generate and broaden the income streams of the Plastic Moulding Business.

With 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 turned HK$0.10 million segment loss for the corresponding period of 2019 into a profit of HK$0.04 million for the period under review.

Building Contract Works Business

For the six months ended 30 June 2020, revenue from the Building Contract Works Business generated by ACE Engineering Limited ("ACE Engineering"), a wholly-owned subsidiary of the Company, amounted to HK$11.7 million, representing a decrease of HK$10.1 million or 46.3% as compared to HK$21.8 million for the corresponding period of 2019, which contributed 42.3% of the Group's total revenue for the period under review. The decrease in revenue was primarily due to (i) substantial completion of several significant public contracts during the same period of 2019; (ii) slowdown in the progress of existing construction projects under the impact of COVID-19, and (iii) decrease in awards of projects in both public and private sectors, under the stringent and competitive market environment of the building construction and maintenance industry caused by slower growth of the industry and the Hong Kong economy during the period. This business recorded a gross profit of HK$1.3 million (30 June 2019: HK$1.8 million) and gross profit margin of 11.1% (30 June 2019: 8.3%). The increase in gross profit margin was primarily attributable to decrease in subcontracting costs as a result of continued efforts in controlling and managing the costs. Segment loss of this business decreased by HK$1.8 million or 35.3% to HK$3.3 million for the six months ended 30 June 2020, as compared to that of HK$5.1 million for the corresponding period of 2019, primarily due to the net effect of (i) decrease in administrative expenses caused by decreased staff costs; (ii) absence of impairment loss on goodwill of HK$4.1 million recognised in the same period of 2019; and (iii) an impairment loss on intangible asset of HK$2.1 million (30 June 2019: HK$nil) recognised in the current period mainly due to the performance of this business had not matched the anticipation of the management owing to the continued decrease in awards of projects and the resulting operating loss for the period.

As at 30 June 2020, ACE Engineering had undertaken seven 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$0.5 million to HK$15.0 million and the aggregate contract sums of approximately HK$44.3 million. Hence, the aggregate contract sums from public sector amounted to approximately HK$44.3 million and the aggregate estimated paid and payable subcontracting fee of those seven existing construction projects undertaken by ACE Engineering was approximately HK$41.0 million. As at 30 June 2020, approximately HK$9.8 million of the aggregate contract sums was still outstanding and those seven construction projects were pending to be completed within next year.

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

Money Lending Business

For the six months ended 30 June 2020, the Group recorded loan interest income of HK$5.2 million from its Money Lending Business, representing a decrease of HK$0.5 million or 8.8% as compared to HK$5.7 million for the corresponding period last year, which accounted for 18.9% of the Group's total revenue for the period under review. Segment profit of the Money Lending Business amounted to HK$0.4 million (30 June 2019: HK$5.1 million). The outstanding principal and interest amount of loan receivables as at 30 June 2020 was HK$119.1 million (31 December 2019: HK$136.6 million). Loss allowance for expected credit loss of HK$8.5 million has been made for loan receivables as at 30 June 2020 under the expected loss model (31 December 2019: HK$3.9 million). The Group will continue to develop this business by employing prudent credit control procedures and strategies to hold a balance between the business growth and the risk management.

Securities Investment

During the period under review, the Group recorded no realised gain or loss (30 June 2019: nil) and recorded unrealised loss of HK$1.6 million (30 June 2019: HK$3.7 million) arising on change in fair value of held-for-trading investments of listed equity securities in Hong Kong for the six months ended 30 June 2020. No dividend income was received from the held-for-trading investments during the period under review (30 June 2019: nil). Segment loss of the Securities Investment amounted to HK$1.6 million (30 June 2019: HK$3.7 million).

As at 30 June 2020, the Group held 8 listed equity securities in Hong Kong with the fair value of HK$12.7 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 30 June 2020, are as follows:

Company Name/Stock Code	% of shareholding as at 30 June 2020	Fair value (loss)/gain for the period ended 30 June 2020 *HK$'000*	Fair value as at 30 June 2020 *HK$'000*	% of total assets of the Group as at 30 June 2020
Securities listed in Hong Kong				
China e-Wallet Payment Group Limited ("China e-Wallet") (802) *(Note (a))*	1.859%	(2,091)	3,672	2.12%
WLS Holdings Limited ("WLS") (8021) *(Note (b))*	1.359%	1,952	6,248	3.60%
Others *(Note (c))*		(1,470)	2,748	1.58%
		(1,609)	12,668	7.30%

Notes:

(a) China e-Wallet is principally engaged in the provision of internet and mobile application and distribution of computer-related and mobile-related electronic products and accessories. As disclosed in the annual report of China e-Wallet for the year ended 31 December 2019, it recorded audited net loss attributable to its owners of HK$74.6 million for the year ended 31 December 2019. With regards to the future prospects of China e-Wallet, the Directors noted that China e-Wallet will utilise its existing technical knowledge and programmers to diversify its income stream and will continue to work towards, attaining a stable platform for sustainability and basis for any potential growth. By leveraging the knowledge on its interactive virtual reality programming on different business sectors, such as animation and culture, China e-Wallet will continue to explore the potential of these business opportunities and utilise its resources with prudence in the future.

(b) WLS is principally engaged in the provision of scaffolding, fitting out and other auxiliary services for construction and buildings work, money lending business, securities investment business and assets management business. As disclosed in the annual report of WLS for the year ended 30 April 2020, it recorded audited net loss from continuing operations attributable to its owners of HK$103.1 million for the year ended 30 April 2020. With regards to the future prospects of WLS, the Directors noted that WLS is prudently optimistic about its prospects, at the same time cautious of the economic uncertainties brought by the outbreak of COVID-19. 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 segment. In view of the COVID-19 pandemic, WLS will review its business strategies and plans from time to time and flexibly adjust to the conditions in times of economic uncertainties.

(c) None of these investments represented more than 5% of the total assets of the Group as at 30 June 2020.

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

Prospects

The year of 2020 will remain challenging confronting the impact of COVID-19 pandemic and slow down of the economy as well as the ongoing political tensions and trade uncertainty, and the volatile financial market in Hong Kong and globally. To cope with the challenges, the Group will persist to build on its diversified business portfolio and continue its steps to formulate, evaluate and modify business strategies of our existing businesses in order to facilitate and motivate their business development and stabilise any downturn impact. The Group will conduct constant and dynamic performance appraisals and assessment to evaluate the ongoing business development, and actively reallocate its assets, funding and labour force in response to the changing market and industry conditions and business performance to ensure effective and sufficient capital and resources allocation for the different business segments.

In view of difficulties which may be encountered under the economic slowdown and uncertainties in the financial market, the Group will concentrate on maintaining liquidity by effectively managing working capital and controlling costs, while leveraging its lean organisation structure to boost operation efficiency.

Looking ahead, the Group will seek optimisation of its business portfolio by adjusting it to adapt to the changing business climate, trend and environment and correspond to actual business results, and at the same time proactively exploring and exploiting every potentially profitable business and investment opportunity as well as new growth potentials, with the ultimate goal of developing its business to generate and maximise shareholders' value and return and maintain sustainable growth and prosperity.

FINANCIAL REVIEW

Capital structure

As of 30 June 2020, the Group's consolidated net asset was approximately HK$117.4 million, representing an increase of approximately HK$11.1 million as compared to that of HK$106.3 million as at 31 December 2019.

As at 30 June 2020, the Company has 2,048,879,481 (31 December 2019: 1,862,679,481) ordinary shares of HK$0.01 each in issue. During the period, the details of changes of the capital structure of the Company were set out below:

(i) On 6 May 2020, a total of 18,620,000 share options were exercised at an exercise price of HK$0.096 per share and these 18,620,000 shares were allotted and issued on 12 May 2020.

(ii) On 7 May 2020, a total of 18,620,000 share options were exercised at an exercise price of HK$0.096 per share and these 18,620,000 shares were allotted and issued on 14 May 2020.

(iii) On 8 May 2020, a total of 37,240,000 share options were exercised at an exercise price of HK$0.096 per share and these 37,240,000 shares were allotted and issued on 15 May 2020.

(iv) On 11 May 2020, a total of 111,720,000 share options were exercised at an exercise price of HK$0.096 per share and these 111,720,000 shares were allotted and issued on 15 May 2020.

Debt structure

The Group's total borrowings from financial institutions were zero as at 30 June 2020 and 31 December 2019. The Group's total cash and bank balances amounted to approximately HK$27.7 million as at 30 June 2020, which increased HK$15.4 million as compared to that of HK$12.3 million as at 31 December 2019.

As at 30 June 2020, the Company had bond payables of HK$32.2 million (31 December 2019: HK$30.7 million) which represented unlisted bonds issued to an independent third party with an aggregate principal amount of HK$30 million in October 2018. The bonds are unsecured and issued at the fixed interest rate of 10% per annum and will mature on the date falling on the 36 months after the date of issue of the bonds (i.e. 12 October 2021).

The Group's gearing ratio was 5.1% as at 30 June 2020 (31 December 2019: 19.2%). The ratio was determined by net debt, which was defined as total interest-bearing liabilities comprising bond payables and lease liabilities less cash and cash equivalents, over shareholders' equity.

Working capital and liquidity

As at 30 June 2020, the Group's current ratio and quick ratio were 7.3 (31 December 2019: 3.4). Inventory turnover on sales was 0 day (six months ended 30 June 2019: 0 day). Receivable turnover during the period under review was 50 days (six months ended 30 June 2019: 61 days).

Contingent liabilities and charges

The Group had not pledged any assets to secure bank facilities and other borrowings as at 30 June 2020 and 31 December 2019. The Group had no material contingent liability as at 30 June 2020 and 31 December 2019.

Foreign currency exposure

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group had 52 (31 December 2019: 44) employees. 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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (30 June 2019: nil).

EVENTS AFTER THE REPORTING PERIOD

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

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 of Hong Kong Limited (the "Listing Rules") for the six months ended 30 June 2020, save as disclosed as follows.

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

Mr. Zhang Hengxin was the Chairman and the Managing Director of the Company (the Company regards the role of its managing director to be the same as that of chief executive under the CG Code) during the six months ended 30 June 2020. During the period under review, the Group has been streamlining its operations, including business development, operation efficiency and financial management. The Board considers that it would be in the best interest of the shareholders of the Company ("Shareholders") that the roles of the Chairman and the Managing Director of the Company be combined to enable a strong and dedicated leadership to reposition the Company and implement effective measures to improve Shareholders' value. In this light, the Company has maintained Mr. Zhang Hengxin as the Chairman and the Managing Director of the Company. The Company will review the current structure when and as it becomes appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by its Directors. Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the six months ended 30 June 2020.

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

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") comprises three Independent Non-executive Directors, namely Mr. Au Yeung Ming Yin Gordon (chairman of the Audit Committee), 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 financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2020.

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

Hong Kong, 31 August 2020

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.