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 2018

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 2018 together with the comparative figures for the corresponding period in 2017, as follows.

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

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
		Unaudited	Unaudited
	Notes	***HK$'000***	*HK$'000*
Continuing operations			
Revenue	*3*	**55,203**	41,869
Cost of sales and services		**(44,533)**	(32,212)
Gross profit		**10,670**	9,657
Other income and other gains or losses	*4*	**5,023**	(142,243)
Distribution costs		**(73)**	(170)
Administrative expenses		**(12,277)**	(21,412)
Profit/(loss) before income tax	*5*	**3,343**	(154,168)
Income tax credit	*6*	**7**	17
Profit/(loss) for the period from continuing operations		**3,350**	(154,151)
Discontinued operation			
Loss for the period from discontinued operation		**–**	(71)
Profit/(loss) and total comprehensive income for the period attributable to owners of the Company		**3,350**	(154,222)

* *For identification purposes only*

	Note	Six months ended 30 June	
		2018	2017
		Unaudited	Unaudited
		HK$'000	*HK$'000*
Profit/(loss) and total comprehensive income for the period attributable to owners of the Company			
– from continuing operations		**3,350**	(154,151)
– from discontinued operation		**–**	(71)
		3,350	(154,222)
Earnings/(loss) per share	*8*		
Basic and diluted			
– from continuing operations		**HK0.18 cent**	HK(8.28) cents
– from discontinued operation		**–**	–
		HK0.18 cent	HK(8.28) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Notes	**30 June 2018 Unaudited** *HK$'000*	31 December 2017 Audited *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1,228**	2,087
Goodwill		**10,196**	10,196
Intangible assets		**5,016**	5,056
		16,440	17,339
Current assets			
Inventories		**298**	111
Held-for-trading investments		**40,168**	35,223
Trade and other receivables	*9*	**158,880**	149,184
Tax recoverable		**78**	78
Cash and cash equivalents		**18,768**	26,276
		218,192	210,872
Current liabilities			
Trade and other payables	*10*	**65,634**	61,675
Tax payable		**19**	19
		65,653	61,694
Net current assets		**152,539**	149,178
Total assets less current liabilities		**168,979**	166,517
Non-current liability			
Deferred tax liability		**827**	834
Net assets		**168,152**	165,683
EQUITY			
Share capital		**18,627**	18,627
Reserves		**149,525**	147,056
Total equity		**168,152**	165,683

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 changes in accounting policies

The interim condensed consolidated financial statements for the six months ended 30 June 2018 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 (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The interim condensed consolidated financial statements are unaudited but have been reviewed by the Company’s audit committee.

The interim condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2017, 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 2017, except for the adoption of new standards as set out below.

In the current interim period, the Group has adopted all the new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2018. Except as described below, 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.

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 change in accounting policies are further described below.

(a) 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 periods 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 (ii))*	**Carrying amount as at 1 January 2018***
	HK$'000	*HK$'000*	*HK$'000*
Condensed consolidated statement of financial position (extract)			
Trade and other receivables	149,184	(469)	148,715
Accumulated losses (reserves)	268,218	469	268,687

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

(i) 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 aforegoing, 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 (ii) 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	147,236
Cash and cash equivalents	Amortised cost (Loans and receivables)	Amortised cost	26,276	26,276
			209,204	208,735
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 *HK$'000*	**Remeasurement** *(note (ii))* *HK$'000*	**New carrying amount under HKFRS 9** *HK$'000*
Trade and other receivables	147,705	(469)	147,236
Cash and cash equivalents	26,276	–	26,276

(ii) 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	469
Loss allowance at 1 January 2018 under HKFRS 9 *(Note 9)*	469

The additional impairment is recognised in accumulated losses, resulting in a decrease in trade and other receivables of approximately HK$469,000 and increase in accumulated losses of approximately HK$469,000 as at 1 January 2018.

(b) 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*
Condensed 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 (a) above.

HKFRS 15 establishes a comprehensive framework for determining when and how much to recognise revenue through a 5-step approach: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to each performance obligation; and (v) 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.

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.

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 are recognised in profit or loss based on the actual construction 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. 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 period and period 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 30 June 2018		
	Results without adoption of HKRS 15	**Effect of adoption of HKFRS 15**	**Results as reported**
	HK$'000	*HK$'000*	*HK$'000*
Condensed consolidated statement of financial position (extract)			
Trade and other receivables	159,422	(542)	158,880
Accumulated losses (reserves)	265,207	542	265,749

	Six months ended 30 June 2018		
	Results without adoption of HKRS 15	**Effect of adoption of HKFRS 15**	**Results as reported**
	HK$'000	*HK$'000*	*HK$'000*
Condensed consolidated statement of profit or loss and other comprehensive income (extract)			
Cost of sales and services	44,403	130	44,533

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 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:

Six months ended 30 June 2018 (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*
Reportable segment revenue	**19,547**	**274**	**31,137**	**4,245**	**–**	**55,203**
Revenue from external customers	**19,547**	**274**	**31,137**	**4,245**	**–**	**55,203**
Timing of revenue recognition						
At a point in time	**19,547**	**274**	**–**	**–**	**–**	**19,821**
Over time	**–**	**–**	**31,137**	**4,245**	**–**	**35,382**
	19,547	**274**	**31,137**	**4,245**	**–**	**55,203**
Reportable segment profit/(loss)	**1,556**	**(283)**	**(56)**	**4,093**	**4,943**	**10,253**

Six months ended 30 June 2017 (Unaudited)

	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*
Reportable segment revenue	16,124	1,540	21,733	2,472	–	41,869	–	41,869
Revenue from external customers	16,124	1,540	21,733	2,472	–	41,869	–	41,869
Reportable segment profit/(loss)	631	29	(103)	2,249	(146,342)	(143,536)	(71)	(143,607)

Reportable segment profit/loss represents the profit/loss attributable to each segment without allocation of corporate administrative expenses, corporate directors' emoluments, corporate income 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	**Plastic Moulding Business**	**Building Contract Works Business**	**Money Lending Business**	**Securities Investment**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
As at 30 June 2018 (unaudited)						
Reportable segment assets	**3,935**	**856**	**44,967**	**118,639**	**46,947**	**215,344**
Reportable segment liabilities	**(9,268)**	**(936)**	**(17,050)**	**(28,798)**	**(19)**	**(56,071)**

	Medical Devices Business	Plastic Moulding Business	Building Contract Works Business	Money Lending Business	Securities Investment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2017 (audited)						
Reportable segment assets	3,434	890	43,645	110,170	42,002	200,141
Reportable segment liabilities	(7,379)	(610)	(14,827)	(28,799)	(19)	(51,634)

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 corporate liabilities.

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

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**55,203**	41,869
Consolidated revenue from continuing operations	**55,203**	41,869
Profit/(loss) before income tax and discontinued operation		
Reportable segment profit/(loss)	**10,253**	(143,607)
Segment loss from discontinued operation	**–**	71
Unallocated corporate income	**4**	3,650
Unallocated corporate expenses	**(6,914)**	(14,282)
Consolidated profit/(loss) before income tax from continuing operations	**3,343**	(154,168)

4. Other income and other gains or losses

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Continuing operations		
Exchange gain, net	**127**	16
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	**(530)**	430
Gain/(loss) on change in fair value of held-for-trading investments	**4,945**	(87,155)
Interest income	**2**	3
Others	**479**	200
	5,023	(142,243)

5. Profit/loss before income tax

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Profit/loss before income tax has been arrived at after charging:		
Continuing operations		
Staff costs (including directors' emoluments)		
Contributions to defined contribution retirement plan	**170**	145
Salaries, wages and other benefits	**7,232**	5,444
	7,402	5,589
Net impairment loss on trade and other receivables *(Note 9)*	**88**	–
Amortisation of intangible asset	**40**	177
Depreciation of property, plant and equipment	**329**	516
Share-based payment expenses	**–**	7,020
Cost of inventories recognised as expenses	**15,793**	13,139
Cost of services	**28,452**	19,122
Operating lease charges in respect of properties	**433**	1,017

6. Income tax credit

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong Profits Tax		
– tax for the period	**–**	(12)
Deferred tax credit – current period	**7**	29
	7	17

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 the current period as the Group had sufficient tax losses brought forward to offset against the estimated assessable profits for the period ended 30 June 2018.

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 2018 and 2017.

8. Earnings/loss per share

(a) Basic earnings/loss per share

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

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Earnings/loss		
Profit/(loss) for the period for the purposes of computation of basic earnings/loss per share		
– from continuing operations	**3,350**	(154,151)
– from discontinued operation	**–**	(71)
	3,350	(154,222)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue	**1,862,679**	1,862,679

(b) Diluted earnings/loss per share

Diluted earnings/loss per share was the same as basic earnings/loss per share because there was no potential dilutive ordinary share in issue for the six months ended 30 June 2018 and 2017.

For the six months ended 30 June 2018, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as at 30 June 2018 as the exercise prices of the share options are higher than the average market price of the shares.

For the six months ended 30 June 2017, the computation of diluted loss per share does not take into account the Company's outstanding share options as at 30 June 2017 as they had an anti-dilutive effect which would result in a reduction in the loss per share.

9. Trade and other receivables

	30 June 2018 Unaudited *HK$'000*	31 December 2017 Audited *HK$'000*
Trade receivables	**15,863**	12,063
Loss allowance	**(536)**	–
	15,327	12,063
Retention receivables	**6,897**	8,180
Loss allowance	**(21)**	–
	6,876	8,180
Loan receivables	**118,535**	110,114
Amounts due from customers for contract work	**–**	412
Other deposits, prepayments and other receivables	**18,142**	18,415
Total trade and other receivables	**158,880**	149,184

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

	30 June 2018 Unaudited *HK$'000*	31 December 2017 Audited *HK$'000*
0 to 90 days	**11,937**	8,549
91 to 180 days	**333**	1,431
Over 180 days	**3,057**	2,083
	15,327	12,063

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 1 January 2018 *(Note 2(a)(ii))*	469
Impairment loss recognised	102
Impairment loss reversed	(14)
Balance as at 30 June 2018	557

As at 31 December 2017, none of the trade and retention receivables are considered impaired.

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 10% per annum (31 December 2017: 6% to 8% per annum). All of the loan receivables were unsecured as at 30 June 2018 and 31 December 2017.

Loan receivables were neither past due nor impaired as at 30 June 2018 and 31 December 2017.

10. Trade and other payables

	30 June 2018 Unaudited ***HK$'000***	31 December 2017 Audited *HK$'000*
Trade payables	**17,753**	14,186
Retention payables	**3,647**	4,256
Accruals and other payables	**44,234**	43,233
	65,634	61,675

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

	30 June 2018 Unaudited ***HK$'000***	31 December 2017 Audited *HK$'000*
Within 3 months	**15,090**	12,246
Over 3 months but within 6 months	**549**	661
Over 6 months	**2,114**	1,279
	17,753	14,186

As at 30 June 2018 and 31 December 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 30 June 2018 and 31 December 2017.

As at 30 June 2018 and 31 December 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 30 June 2018 and 31 December 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS, BUSINESS REVIEW AND PROSPECTS

Results

For the six months ended 30 June 2018, the Group is 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$55.2 million, representing an increase of HK$13.3 million or 31.7% from HK$41.9 million for the corresponding period last year. Such an increase was mainly attributable to the increase in revenue from the Medical Devices Business and Building Contract Works Business.

Gross profit of the Group was HK$10.7 million, representing an increase of HK$1.0 million or 10.3% as compared to HK$9.7 million for the corresponding period last year. Gross profit margin decreased by 3.8 percentage points to 19.4% (30 June 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 period.

During the period under review, the Group recorded other income and other gains, net of other losses, of HK$5.0 million, as compared to the other losses, net of other income and other gains, of HK$142.2 million recorded in the corresponding period last year. Such other income and other gains, net of other losses, were mainly attributable to the unrealized fair value gain of held-for-trading investments arising from the Securities Investment in current period and absence of the realised and unrealized fair value losses of the held-for-trading investments recorded in the corresponding period of 2017.

The distribution costs declined by HK$0.10 million to HK$0.07 million (30 June 2017: HK$0.17 million), representing a reduction of 58.8% over the corresponding period last year. The administrative expenses decreased by HK$9.1 million to HK$12.3 million (30 June 2017: HK$21.4 million), representing a decrease of 42.5% over the corresponding period last year. Such decreases were mainly attributable to stringent cost control implemented in current period and absence of the share-based payment expenses incurred for the corresponding period of 2017.

As a result, the Group recorded profit attributable to owners of the Company of HK$3.4 million for the period, as compared to HK$154.2 million loss attributable to owners of the Company for the same period in 2017.

Business Review

Medical Devices Business

For the six months ended 30 June 2018, the Medical Devices Business recorded a revenue of HK$19.6 million, representing an increase of 21.7% or HK$3.5 million as compared to that of HK$16.1 million in the same period last year, which accounted for 35.5% of the Group's total revenue for the period under review. In the first half of 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 current period.

Segment profit of the Medical Devices Business amounted to HK$1.6 million for the six months ended 30 June 2018, representing an increase of HK$1.0 million or 166.7% as compared to that of HK$0.6 million in the corresponding period last year. The increase in segment profit was primarily as a result of lower margin in price yielded by the medical devices product in current period, offset by effective cost control achieved as indicated by the period-over-period decrease in distribution costs and administrative expenses as a percentage of revenues. 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 utilisation of resources with an aim to maintain its long-term sustainable competitive advantages in the business segment.

Plastic Moulding Business

The revenue from the Plastic Moulding Business decreased by HK$1.3 million or 81.3% to HK$0.3 million for the six months ended 30 June 2018, as compared to HK$1.6 million in the corresponding period last year, which accounted for 0.6% of the Group's total revenue for the period 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 period 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$0.28 million for the period under review, as compared to segment profit of HK$0.03 million for the corresponding period 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 six months ended 30 June 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$31.1 million, representing an increase of HK$9.4 million or 43.3% as compared to HK$21.7 million for the corresponding period of 2017, which contributed 56.3% of the Group's total revenue for the period under review. The increase in revenue was primarily due to the net effect of (i) substantial completion of several significant private contracts during the same period of 2017; and (ii) several significant public contracts newly awarded near the end of 2017 and early in 2018 had commenced and were in full swing during the period under review. This business recorded a gross profit of HK$2.7 million (30 June 2017: HK$2.6 million) and gross profit margin of 8.7% (30 June 2017: 12.0%). The decrease in gross profit margin was primarily attributable to (i) revenue growth in public sector which yielded lower margins in price; and (ii) higher construction costs incurred and recognised in early stages of newly commenced works in current period. Segment loss of this business decreased by HK$0.04 million or 40.0% to HK$0.06 million for the six months ended 30 June 2018, as compared to HK$0.10 million loss for the corresponding period last year, primarily as a result of the net effect of (i) decrease in gross profit margin; and (ii) 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 period under review (30 June 2017: HK$0.18 million).

As at 30 June 2018, ACE Engineering had undertaken (i) one building maintenance and/or renovation project from private sector with the contract sum of approximately HK$3.0 million; and (ii) six 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$74.1 million. Hence, the aggregate contract sums from both private and public sectors amounted to approximately HK$77.1 million and the aggregate estimated paid and payable subcontracting fee of those seven existing construction projects undertaken by ACE Engineering was approximately HK$70.3 million. As at 30 June 2018, approximately HK$51.2 million of the aggregate contract sums was still outstanding and those seven construction projects were pending to be completed within next two years.

Despite reduction in segment loss of the business during the period under review, the fluctuation in segment revenue and results of this business indicated that market competition of the building construction and maintenance industry is still fierce. With the continual successful awards of several significant contract works particularly in the public sector near and subsequent to the end of the reporting period, the Group is deploying its efforts to facilitate improvement in results of this business in the second half of the year.

Money Lending Business

For the six months ended 30 June 2018, the Group recorded loan interest income of HK$4.2 million from its Money Lending Business, representing an increase of HK$1.7 million or 68.0% as compared to HK$2.5 million for the corresponding period last year, which accounted for 7.6% of the Group's total revenue for the period under review. Segment profit of the Money Lending Business amounted to HK$4.1 million (30 June 2017: HK$2.2 million). The outstanding principal and interest amount of loan receivables as at 30 June 2018 was HK$118.5 million. During the period under review, there was no provision of doubtful or bad debt of the Money Lending Business (30 June 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 period under review, the Group recorded no realised gain or loss (30 June 2017: realised loss of HK$59.1 million) and recorded unrealised gain of HK$4.9 million (30 June 2017: unrealised loss of HK$87.2 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 2018. No dividend income was received from the held-for-trading investments during the period under review (30 June 2017: nil). Segment profit of the Securities Investment amounted to HK$4.9 million (30 June 2017: segment loss of HK$146.3 million).

As at 30 June 2018, the Group held 8 listed equity securities in Hong Kong with the fair value of HK$40.2 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 30 June 2018, are as follows:

Company Name/Stock Code	**% of shareholding as at 30 June 2018**	**Fair value gain/(loss) for the period ended 30 June 2018** *HK$'000*	**Fair value as at 30 June 2018** *HK$'000*	**% of total assets of the Group as at 30 June 2018**
Securities listed in Hong Kong				
China e-Wallet Payment Group Limited ("China e-Wallet") (802) *(Note (a))*	1.859%	(5,100)	14,790	6.30%
WLS Holdings Limited ("WLS") (8021) *(Note (b))*	1.359%	8,982	16,597	7.08%
Others *(Note (c))*		1,063	8,781	3.74%
		4,945	40,168	17.12%

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 annual report of China e-Wallet for the year ended 31 December 2017, it recorded audited net loss attributable to its owners of HK$392.8 million for the year ended 31 December 2017. With regards to the future prospects of China e-Wallet, the Directors noted that China e-Wallet expects the pace of output growth in both global and Asia markets remains largely unchanged, with most governments expressing their intention to strengthen their pump-priming efforts in the near term to counter sluggish external demand, and China e-Wallet will continue to realign its business strategies and increase its efforts to innovate its core products and services to better face the increasing needs of its market.

(b) WLS is principally engaged in the provision of scaffolding and fitting out services, and other services for construction and buildings work, money lending business, securities brokerage and margin financing and securities investment business and assets management business. As disclosed in the annual report of WLS for the year ended 30 April 2018, it recorded audited net loss attributable to its owners of HK$109.8 million for the year ended 30 April 2018. With regards to the future prospects of WLS, the Directors noted that WLS is prudently optimistic about its prospects and expects a busy time for the construction industry. With the foreseeable shortage of skilled workers in the construction industry, 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. WLS also plans to continue expanding those business segments with higher profit margins and growth potential, such as the money lending business as well as securities brokerage and margin financing operations, in order to generate significant returns for its shareholders. At the same time, WLS will actively explore all suitable investment opportunities to diversify its business horizons and strengthen its overall business development.

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

The year of 2018 will remain challenging facing certain level of uncertainty of the economy as well as the volatile financial market in Hong Kong and globally. With the downturn impact encountered lately largely stabilised, the Group will continue its steps to facilitate business development of its business segments by deploying persistent efforts in formulating, reviewing and modifying business strategies of the different businesses. To maintain our momentum of growth in revenue, the Group will conduct constant and dynamic performance appraisals and assessment to evaluate the ongoing business development, and actively reallocate its assets, labour force and funding to ensure effective and sufficient capital and resources allocation for the different business segments.

With the successful implementation of cost containment strategy which has demonstrated its effects, the Group will continue to make concerted efforts in achieving effective cost control and working capital management to maintain liquidity, while leveraging its lean organisation structure to boost operation efficiency, in order to better enhance our profit margins as well as to cope with difficulties which may be encountered under the uncertainties in the economy and financial market.

Looking ahead, the Group will adhere to its diversified business portfolio and seek its optimization by adjusting it to adapt to the changing business environment and market conditions and correspond to actual business results, while proactively exploring and exploiting potentially profitable business opportunities and new growth potentials, with the ultimate goal of developing its business to maximize shareholders' value and return and maintain sustainable growth.

FINANCIAL REVIEW

Capital structure

As of 30 June 2018, the Group's consolidated net asset was approximately HK$168.2 million, representing an increase of approximately HK$2.5 million as compared to that of HK$165.7 million as at 31 December 2017.

As at 30 June 2018, the Company has 1,862,679,481 ordinary shares of HK$0.01 each in issue.

Debt structure

The Group's total borrowings from financial institutions were zero as at 30 June 2018 and 31 December 2017. The Group's total cash and bank balances amounted to approximately HK$18.8 million as at 30 June 2018, which decreased approximately HK$7.5 million as compared to that of HK$26.3 million as at 31 December 2017.

Working capital and liquidity

As at 30 June 2018, the Group's current ratio and quick ratio were 3.3 (31 December 2017: 3.4). Inventory turnover on sales was 1 day (six months ended 30 June 2017: 0 day). Receivable turnover during the period under review was 45 days (six months ended 30 June 2017: 47 days).

Contingent liabilities and charges

The Group had not pledged any assets to secure bank facilities and finance lease obligations as at 30 June 2018 and 31 December 2017. The Group had no material contingent liability as at 30 June 2018 and 31 December 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 period, the Group's exposure to the potential foreign currency risk was relatively limited.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group had 41 (31 December 2017: 37) 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 2018 (30 June 2017: nil).

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 2018, save as disclosed as follows.

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 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 2018. 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.

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 six months ended 30 June 2018.

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

During the six months ended 30 June 2018, 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 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 2018.

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

Hong Kong, 30 August 2018

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.