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AMCO
United Holding Limited
雋泰控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 630)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

RESULTS

The board (the "Board") of directors (the "Directors") of AMCO United Holding Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014, together with the comparative figures for the previous year, as follows.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
Turnover	*4*	**76,470**	89,006
Cost of sales		**(70,507)**	(75,032)
Gross profit		**5,963**	13,974
Other income	*5*	**1,316**	8,906
Distribution costs		**(3,256)**	(4,443)
Administrative expenses		**(33,489)**	(48,920)
Impairment losses and write offs	*6*	**(13,981)**	(40,981)
Loss on change in fair value of convertible notes		**(4,005)**	(1,597)
Finance costs		**(835)**	(1,693)

* *For identification purposes only*

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Loss before income tax expense	*7*	**(48,287)**	(74,754)
Income tax credit	*8*	**–**	141
Loss for the year		**(48,287)**	(74,613)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(214)**	388
Reclassification adjustment for amounts transferred to profit or loss			
– release of translation reserve upon deregistration of a subsidiary		**(9)**	–
Other comprehensive income for the year, net of tax		**(223)**	388
Total comprehensive income for the year		**(48,510)**	(74,225)
Loss for the year attributable to owners of the Company		**(48,287)**	(74,613)
Total comprehensive income attributable to owners of the Company		**(48,510)**	(74,255)
Loss per share	*9*		
Basic		**HK(4.12) cents**	HK(8.52) cents
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*10*	**3,169**	6,009
Goodwill	*11*	**–**	11,836
		3,169	17,845
Current assets			
Inventories		**1,798**	6,952
Trade and other receivables	*12*	**12,675**	13,430
Tax recoverable		**175**	291
Pledged time deposits		**1,546**	3,405
Cash and cash equivalents		**62,580**	4,576
		78,774	28,654
Current liabilities			
Trade and other payables	*13*	**31,572**	31,513
Bank and other borrowings		**2,169**	16,064
Amount due to a director		**–**	12,150
Obligation under a finance lease		**16**	204
Convertible note		**–**	16,112
		33,757	76,043
Net current assets/(liabilities)		**45,017**	(47,389)
Total assets less current liabilities		**48,186**	(29,544)
Non-current liabilities			
Obligation under a finance lease		**–**	16
Convertible notes		**–**	7,113
		–	7,129
Net assets/(liabilities)		**48,186**	(36,673)
EQUITY			
Share capital	*14*	**15,324**	8,758
Reserves		**32,862**	(45,431)
Total equity/(Capital deficiency)		**48,186**	(36,673)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

AMCO United Holding Limited (the "Company") was incorporated in Bermuda with limited liability on 19 August 1994 as an exempted company under the Companies Act 1981 of Bermuda with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 28 November 1996. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate information" section to the annual report.

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

2. Basis of Preparation

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

The financial statements have been prepared on a going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that the Group has continuously incurred significant loss of HK$48,287,000 (2013: HK$74,613,000) for the year and the net cash outflow from operation of HK$21,865,000 (2013: HK$22,417,000).

Notwithstanding these conditions, the going concern basis has been adopted on the basis set out below:

(i) The Group has strong cash position with cash and bank balances of HK$62,580,000 (2013: HK$4,576,000) and bank and other borrowings of HK$2,169,000 (2013: HK$16,064,000) as at 31 December 2014. This is mainly attributable to the completion of three placing of shares during the year which raised net proceeds of HK$106,139,000 after share issue expenses. Accordingly, the Group does not have any immediate liquidity issue and will be able to finance its operations and meet its commitments and obligations with the existing funds on hand.

(ii) Looking forward, management plans to improve the Group's financial performance by:

   (a) Taking steps to reduce discretionary expenses and administrative costs;

   (b) Cessation of the operation of manufacture and sale of plastic moulding products, which incurred significant losses in the current and past years by the end of the first quarter of 2015;

(c) Exploring new businesses which will provide a growing and recurring source of income. In fact, new businesses in human resources and public relation services have been set up subsequent to the reporting date already in this respect.

The directors consider the cessation of operation of manufacture and sale of plastic moulding products is in the best interests of the Company and its shareholders. The directors are confident these measures will improve the financial performance of the Group, provide sufficient liquidity to enable the Group to meet its commitments and obligations as and when they fall due and add to shareholders' value.

Accordingly, the financial statements have been prepared on a going concern basis.

(a) Adoption of new/revised HKFRSs – effective 1 January 2014

In the current year, the Group has applied for the first time the following new amendments and interpretation to HKFRSs (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2014:

Amendments to HKAS 32	Offsetting financial assets and financial liabilities

The application of the new and revised HKFRSs in the current year has no material effect on the Group's financial performance and position for the current year or the disclosures set out in the consolidated financial statements.

Impact of the application of Amendments to HKAS 32 – Offsetting financial assets and financial liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on the consolidated financial statements as the Group does not have any offsetting arrangements.

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

The following new and revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2010 – 2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements 2011 – 2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements 2012 – 2014 Cycle[3]
HKFRS 9 (2014)	Financial Instruments[5]
HKFRS 15	Revenue from Contracts with Customers[4]
HKAS 1 (Amendments)	Disclosure Initiative[3]

[1] *Effective for annual periods beginning on or after 1 July 2014*
[2] *Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014*
[3] *Effective for annual periods beginning on or after 1 January 2016*
[4] *Effective for annual periods beginning on or after 1 January 2017*
[5] *Effective for annual periods beginning on or after 1 January 2018*

The Group is in the process of making an assessment of the potential impact of these pronouncements. The directors so far concluded that the application of these new pronouncements will have no material impact on the Group's financial statements.

(c) ***New Hong Kong Companies Ordinance provisions relating to the preparation of financial statements***

The provisions of the new Hong Kong Companies Ordinance, Cap. 622, in relation to the preparation of financial statements will apply to the Company in its first financial year beginning on or after 3 March 2014 (i.e. the financial year ending 31 December 2015).

The directors consider that there will be no impact on the Group's financial position or performance. However, the new Companies Ordinance, Cap. 622, would have an impact on the presentation and disclosures in the consolidated financial statements. The statement of financial position of the Company will be presented in the notes rather than a separate statement and the related notes need not be included. Generally under the new Companies Ordinance, the statutory disclosures have been simplified.

3. Segment reporting

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

The Group has two 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; and
(2) Manufacture and sale of plastic moulding products*.

* *This operating segment will cease operation at the end of the first quarter of 2015.*

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

(a) Business segments

For the year ended 31 December 2014

	Manufacture and sale of medical devices products *HK$'000*	**Manufacture and sale of plastic moulding products** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	26,537	49,933	76,470
Reportable segment revenue	26,537	49,933	76,470
Reportable segment loss	(4,732)	(13,195)	(17,927)
Interest income	–	56	56
Depreciation	(1,208)	(322)	(1,530)
Gain on disposal of property, plant, and equipment	50	641	691
Reportable segment assets	5,460	10,381	15,841
Addition to non-current assets	2,382	203	2,585
Reportable segment liabilities	5,483	9,452	14,935

For the year ended 31 December 2013

	Manufacture and sale of medical devices products *HK$'000*	Manufacture and sale of plastic moulding products *HK$'000*	Total *HK$'000*
Revenue from external customers	24,684	64,322	89,006
Reportable segment revenue	24,684	64,322	89,006
Reportable segment loss	(6,014)	(9,687)	(15,701)
Interest income	–	38	38
Depreciation	(1,109)	(4,310)	(5,419)
Gain on disposal of property, plant, and equipment	1	380	381
Trade receivables write off	–	(174)	(174)
Reportable segment assets	18,914	16,554	35,468
Addition to non-current assets	251	1,922	2,173
Reportable segment liabilities	2,883	11,786	14,669

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

	2014 ***HK$'000***	2013 *HK$'000*
Revenue		
Reportable segment revenue	**76,470**	89,006
Loss before income tax expense		
Reportable segment loss	**(17,927)**	(15,701)
Loss on change in fair value of convertible notes	**(4,005)**	(1,597)
Impairment losses and write offs	**(13,981)**	(40,981)
Finance costs	**(835)**	(1,693)
Unallocated corporate income	**2**	8,246
Unallocated corporate expenses	**(11,541)**	(23,028)
Consolidated loss before income tax expense	**(48,287)**	(74,754)

	2014	2013
	HK$'000	*HK$'000*
Assets		
Segment assets	**15,841**	35,468
Pledged time deposits	**1,546**	3,405
Cash and cash equivalents	**62,580**	4,576
Unallocated corporate assets	**1,976**	3,050
Consolidated total assets	**81,943**	46,499
Liabilities		
Segment liabilities	**14,935**	14,669
Bank and other borrowings	**2,169**	16,064
Amount due to a director	**–**	12,150
Amounts due to related parties	**9,200**	9,200
Convertible notes	**–**	23,225
Unallocated corporate liabilities	**7,453**	7,864
Consolidated total liabilities	**33,757**	83,172

Reportable segment loss represents the loss attributable to each segment without allocation of corporate administrative expenses, loss on changes in fair value of convertible notes, impairment losses and write offs, finance costs, corporate directors' emoluments, corporate interest 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.

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

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

(c) Geographic information

The geographical location of customers is based on the location at which the goods delivered. The geographical location of the non-current assets is based on the physical and operating location of the assets.

The Group's operations and workforce are mainly located in the PRC (country of domicile), including Hong Kong.

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

	2014	2013
	HK$'000	*HK$'000*
Asia		
– PRC including Hong Kong	**227**	238
– other region	**28,795**	39,674
Europe	**16,880**	10,967
North and South America	**30,568**	38,127
	76,470	89,006

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

	2014	2013
	HK$'000	*HK$'000*
Asia		
– PRC including Hong Kong	**3,169**	17,845

Information about major customers

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

	2014	2013
	HK$'000	*HK$'000*
Customer A – manufacture and sale of medical devices products	**26,537**	24,684
Customer B – manufacture and sale of plastic moulding products	**14,665**	22,992
Customer C – manufacture and sale of plastic moulding products	**12,374**	17,022
Customer D – manufacture and sale of plastic moulding products	**11,376**	–

The percentage of total revenue on major customers is set out below:

	2014	2013
Customer A – manufacture and sale of medical devices products	**35%**	28%
Customer B – manufacture and sale of plastic moulding products	**19%**	26%
Customer C – manufacture and sale of plastic moulding products	**16%**	19%
Customer D – manufacture and sale of plastic moulding products	**15%**	–

4. Turnover

Revenue represents the net invoiced value of goods sold, net of value-added tax, returns, rebates and trade discounts.

5. Other income

Analysis of the Group's other income recognised during the year is as follows:

	2014	2013
	HK$'000	*HK$'000*
Exchange gain, net	**221**	95
Interest income	**58**	39
Gain on deregistration of subsidiaries	**–**	4,384
Gain on disposal of property, plant and equipment	**691**	371
Gain arising from forfeiture of deposit paid for new share subscription	**–**	3,740
Others	**346**	277
	1,316	8,906

6. Impairment losses and write offs

	2014	2013
	HK$'000	*HK$'000*
Impairment loss on property, plant and equipment *(Note 10)*	**2,069**	5,679
Impairment loss on goodwill *(Note 11)*	**11,836**	34,071
Trade receivables written off	**–**	174
Impairment loss on other deposits, prepayments and other receivables *(Note 12)*	**4**	1,057
Other deposits, prepayments and other receivables written off	**72**	–
	13,981	40,981

7. Loss before income tax expense

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

	2014	2013
	HK$'000	*HK$'000*
Staff costs (including directors' emoluments)		
– Contribution to defined contribution retirement plan	**652**	914
– Salaries, wages and other benefits	**21,370**	33,562
	22,022	34,476
Depreciation of property, plant and equipment		
– Owned	**2,511**	6,451
– Held under a finance lease	**204**	204
Auditor's remuneration	**730**	730
Operating lease charges in respect of properties	**2,846**	4,132
Write-off of inventories*	**1,247**	–
Cost of inventories recognised as expenses	**57,047**	52,794

* *Included in "cost of sales" in the consolidated statement of comprehensive income.*

8. Income tax credit

	2014	2013
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
– Over provision in respect of prior year	**–**	(41)
Current tax – PRC Enterprise Income Tax		
– Tax for the year	**–**	2
Deferred tax	**–**	(102)
	–	(141)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

No Hong Kong Profits Tax has been provided as no estimated assessable profits were derived by the Group in Hong Kong for the years ended 31 December 2014 and 2013.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

9. Loss per share

(a) Basic loss per share

The calculation of the basic loss per share is based on the loss attributable to the owners of the Company of HK$48,287,000 (2013: HK$74,613,000) and the weighted average of 1,171,713,072 (2013: 875,823,986) ordinary shares in issue during the year.

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the share consolidation on 26 March 2013 as set out in Note 14.

(b) Diluted loss per share

No diluted loss per share has been presented because there was no potential dilutive ordinary shares in issue for the years ended 31 December 2014 and 2013.

The Company's outstanding share options as at 31 December 2014 and 2013 and outstanding convertible notes as at 31 December 2013 were not taken into account as both had an anti-dilutive effect for the years ended 31 December 2014 and 2013.

10. Property, plant and equipment

	Plant and machinery *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost				
At 1 January 2013	19,694	4,197	2,991	26,882
Exchange adjustment	70	2	–	72
Addition at cost	2,044	3	1,907	3,954
Disposals	(3,972)	(48)	–	(4,020)
Written off	–	(1,136)	–	(1,136)
At 31 December 2013 and 1 January 2014	17,836	3,018	4,898	25,752
Addition at cost	590	64	1,931	2,585
Disposals	(7,078)	(420)	(985)	(8,483)
Written off	–	(177)	–	(177)
At 31 December 2014	11,348	2,485	5,844	19,677

Accumulated depreciation and impairment

	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2013	5,585	2,890	831	9,306
Exchange adjustment	5	5	(1)	9
Depreciation	4,465	762	1,428	6,655
Impairment loss	5,679	–	–	5,679
Disposals	(741)	(29)	–	(770)
Written off	–	(1,136)	–	(1,136)
At 31 December 2013 and 1 January 2014	14,993	2,492	2,258	19,743
Depreciation	898	317	1,500	2,715
Impairment loss	2,067	2	–	2,069
Disposals	(6,610)	(265)	(967)	(7,842)
Written off	–	(177)	–	(177)
At 31 December 2014	11,348	2,369	2,791	16,508
Net book value				
At 31 December 2014	**–**	**116**	**3,053**	**3,169**
At 31 December 2013	2,843	526	2,640	6,009

The net carrying value of a motor vehicle held under a finance lease of the Group was approximately HK$102,000 (2013: HK$305,000). The asset is pledged to secure the Group's obligation under a finance lease.

Impairment loss

For the year ended 31 December 2014, an impairment loss of HK$2,069,000 on property, plant and equipment that relates to the segment of the manufacture and sale of medical devices products has been recognised as a result of an impairment assessment made by the management as detailed in Note 11.

For the year ended 31 December 2013, the Group recorded a segment loss of HK$9,687,000 in the segment of manufacture and sale of plastic moulding products. As a result, the property, plant and equipment which relates to this segment, and which also constitutes a cash generating unit ("CGU"), were then assessed for impairment. The recoverable amount of this property, plant and equipment was based on a value in use calculation, using cash flow projection based on estimates and financial budgets approved by the management. These projections cover a five-year period, and have been discounted using a pre-tax discount rate of 15.51%. The value in use calculated was below zero.

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

In view of the negative net present value of the future estimated cash flows of this CGU, the property, plant and equipment relating to this CGU were written down to zero, with an impairment loss of HK$5,679,000 recognised in "Impairment Losses and Write Offs" in the previous year (Note 6).

11. Goodwill

	2014	2013
	HK$'000	*HK$'000*
Cost	**67,362**	67,362
Less: Accumulated impairment losses	**(67,362)**	(55,526)
Net book value	**–**	11,836

Impairment testing on goodwill

All of the goodwill relates to the manufacture and sale of medical devices products business unit acquired as part of the acquisition of the Titron Group in 2011. At each reporting date, the goodwill relating to this business unit, which is also a CGU, is subject to impairment testing.

The recoverable amount of the CGU has been determined using cash flow projections to calculate value in use based on estimates and financial budgets approved by the management. These projections cover a five-year period, and have been discounted using a pre-tax discount rate of 14.62% (2013: 18.88%). The cash flows beyond that five-year period have been extrapolated using a zero growth rate (2013: zero growth rate).

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

Based on the assessment, the recoverable amount of the CGU fell below zero (2013: HK$14,863,000), resulting in an impairment loss of HK$11,836,000 (2013: HK$34,071,000) (Note 6) and HK$2,069,000 (2013: Nil) (Note 10) recognised on goodwill and property, plant and equipment respectively in the current year. Accordingly, goodwill has been written down to zero as at 31 December 2014.

This significant impairment loss is primarily due to the performance of this business segment not matching up to management's expectations in 2014 and the business unit's expected performance in 2015 and beyond based on the latest information available. Much of the problem arose due to the slow resuming of demand of the Group's medical devices products though continuous effort has been spent in the past few years to develop the market and the loss of a key management personnel in late 2014 to explore new customer base and products. As in previous years, reliance has been placed on a single customer in this segment. This customer's demand from the Group is highly driven by the end customers' marketing strategy and overall trend and life cycle of the medical devices. This customer informed the Group in late 2014 that it may consider using other suppliers and that one of the products supplied by the Group would be discontinued in 2016 due to expected end of life cycle based on latest market information. The budget/forecast has been revised downward accordingly.

12. Trade and other receivables

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**10,067**	10,213
Other deposits, prepayments and other receivables	**2,612**	8,504
Less: Impairment loss recognised on other deposits, prepayments and other receivables	**(4)**	(5,287)
	2,608	3,217
Total trade and other receivables	**12,675**	13,430

The Group allows an average credit period of 30 to 90 days (2013: 30 to 90 days) to its trade customers. The following is an aged analysis of trade receivables (net of accumulated impairment losses) by invoice date as at the end of the reporting period.

	2014	2013
	HK$'000	*HK$'000*
Current	**81**	1
1 to 90 days	**9,895**	10,027
91 to 180 days	**67**	59
Over 180 days	**24**	126
Trade receivables	**10,067**	10,213

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current liability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customers operate. The Group does not hold any collateral over these balances. Receivables that were neither past due nor impaired constitute about 80% (2013: 73%) of total trade receivables, and relate to a range of customers for whom there was no recent history of default. The following is an aged analysis of trade receivables (net of accumulated impairment losses) by due date as at the end of the reporting period.

	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**8,066**	7,452
Less than 3 months past due	**1,977**	2,606
3 to 6 months past due	**–**	67
Over 6 months past due	**24**	88
	2,001	2,761
Trade receivables	**10,067**	10,213

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$2,001,000 (2013: HK$2,761,000) which are past due as at the reporting date for which the Group has not provided any impairment loss. The Group does not hold any collateral over these balances.

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

Movement in the impairment losses of other deposits, prepayments and other receivables

	2014	2013
	HK$'000	*HK$'000*
At 1 January	**5,287**	4,230
Written off	**(5,287)**	–
Impairment loss recognised *(Note 6)*	**4**	1,057
At 31 December	**4**	5,287

As at 31 December 2013, included in other deposits, prepayments and other receivables were refundable earnest monies of approximately HK$5,359,000 paid to the potential vendors (the "Vendors") for a possible acquisition of a company specialised in clinical studies in various areas of pathology in Germany (the "Investment Project"). A non-legally binding memorandum of understanding was entered into by the Company and the Vendors on 28 September 2012 as per the announcement made by the Company on 2 October 2012. No formal agreement was entered into by the Company and the Vendors as at 31 December 2012. Provision of HK$4,230,000 was made in 2012 based on management's assessment at that time. During 2013, the management decided to abandon the Investment Project as due diligence revealed that patents of the Vendors had legal title issues. As a result, an additional allowance for impairment of HK$1,057,000 was recognised for the year ended 31 December 2013 based on an impairment assessment carried out by the management as at 31 December 2013. During the year ended 31 December 2014, the Company considered the recovery of the earnest monies is remote and, accordingly, the receivable of HK$5,359,000 was written off entirely, of which HK$72,000 was written off directly to profit or loss for the year (Note 6) and HK$5,287,000 was written off against the provision brought forward.

13. Trade and other payables

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**5,656**	6,121
Accruals and other payables	**16,716**	16,192
	22,372	22,313
Amounts due to related parties	**9,200**	9,200
	31,572	31,513

As at 31 December 2014 and 2013, included in amounts due to related parties is an amount due to Titron Group Holdings Limited ("TGHL"), in the amount of HK$1,700,000 (2013: HK$1,700,000). TGHL was the one of the vendors in the acquisition of the Titron Group in 2011. All of the shareholders of TGHL own shares in the Company, and include Mr. Yip Wai Lun, Alvin, the Chairman and Managing Director of the Company. This amount was unsecured, interest-free and repayable on demand.

The remaining balance of amounts due to related parties were also unsecured, interest-free and repayable on demand.

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

	2014	2013
	HK$'000	*HK$'000*
Within 3 months	**5,623**	5,760
Over 3 months but within 6 months	**29**	361
Over 6 months	**4**	–
	5,656	6,121

The average credit period on purchases of goods is 30-90 days (2013: 30-90 days).

14. Share capital

	Number of shares	**Amount**
		HK$'000
Authorised:		
Balance as at 31 December 2013 and 31 December 2014	**40,000,000,000**	400,000

	Number of shares	**Amount**
		HK$'000
Issued and fully paid:		
Balance as at 1 January 2013	**8,758,239,861**	87,582
Share consolidation of every ten (10) shares of par value of HK$0.01 each into one (1) consolidated share of par value HK$0.1 each; and reduction par value of each consolidated share from HK$0.1 to HK$0.01	**(7,882,415,875)**	(78,824)
Balance as at 31 December 2013	**875,823,986**	8,758
Issue of shares in April 2014	**175,160,000**	1,752
Issue of shares on conversion of convertible notes	**80,087,620**	801
Issue of shares in June 2014	**175,160,000**	1,752
Issue of shares in November 2014	**226,200,000**	2,261
Balance as at 31 December 2014	**1,532,431,606**	15,324

Notes:

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

(i) Every ten (10) existing shares of HK$0.01 each in the issued share capital of the Company were consolidated into one (1) consolidated share of HK$0.10 each;

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

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

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

(b) On 7 April 2014, 175,160,000 ordinary shares of HK$0.01 each were placed at a price of HK$0.239 per placing share. A share premium of approximately HK$40,111,500 was credited to share premium account. The net proceed of approximately HK$40,318,000, after deducting commission and placing expenses of approximately HK$1,545,000, are intended to be utilised as general working capital of the Group.

(c) During the year ended 31 December 2014, convertible notes amounting to HK$40,043,810 was converted into 80,087,620 ordinary shares of HK$0.01 each at the fixed conversion price of HK$0.5 per share.

(d) On 30 June 2014, 175,160,000 ordinary shares of HK$0.01 each were placed at a price of HK$0.239 per placing share. A share premium of approximately HK$40,111,500 was credited to share premium account. The net proceed of approximately HK$40,292,000, after deducting commission and placing expenses of approximately HK$1,571,000, are intended to be utilised as (i) research and development of new medical and/or healthcare products and services; (ii) launch of new medical and/or healthcare products and service; (iii) set up and development of e-commerce platform; and (iv) establishment of new public relations and new human resources agencies.

(e) On 14 November 2014, 226,200,000 ordinary shares of HK$0.01 each were placed at a price of HK$0.118 per placing share. A share premium of approximately HK$24,430,000 was credited to share premium account. The net proceed of approximately HK$25,529,000, after deducting commission and placing expenses of approximately HK$1,163,000 are intended to be utilised as general working capital of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS, BUSINESS REVIEW AND PROSPECTS

RESULTS

For the year ended 31 December 2014, turnover of the Group amounted to HK$76.5 million, representing a decrease of HK$12.5 million or 14.1% from HK$89 million as compared to last year. Revenue from the manufacture and sale of medical devices products (the "Medical Devices") business increased by 7.5% to HK$26.6 million. Whereas, revenue of the manufacture and sale of plastics moulding products (the "Plastics Moulding") business dropped by 22.4% to HK$49.9 million.

Gross profit of the Group was HK$6.0 million, representing a decrease of 57.3% or HK$8.0 million as compared to that of 2013. Gross profit margin dropped 7.9 percentage points to 7.8% (2013: 15.7%), as a result of the increasing cost of labour and production overhead.

Other income under the review year was recorded a decline of 85.2% as compared to HK$8.9 million in the corresponding year of 2013, which was mainly due to the decreased profit caused by the deregistration of certain subsidiaries and absence of other one-off income for the year.

With the implementation of stringent cost control and streamlining measures, the distribution cost and administrative expenses of the Group declined by HK$1.1 million and HK$15.4 million to HK$3.3 million and HK$33.5 million respectively (for the year ended 31 December 2013: HK$4.4 million and HK$48.9 million respectively), representing a reduction of 26.7% and 31.6% against 2013 respectively.

The impairment loss and write off for the year ended 31 December 2014 was HK$14.0 million, representing a decrease of 65.9% as compared to HK$41.0 million in 2013. Such decrease was mainly attributed to the reduction in impairment loss on goodwill and property, plant and machinery of HK$22.2 million and HK$3.6 million respectively.

For the year ended 31 December 2014, the recognition of loss in fair value upon the conversion of convertible notes through profit or loss was HK$4.0 million as compared to the recognition of loss in fair value of outstanding convertible notes of HK$1.7 million in 2013.

As a result, the Group's overall loss attributable to owners of the Company was HK$48.3 million, which shows an improvement of 35.4% as compared to HK$74.6 million loss in 2013.

BUSINESS REVIEW

Manufacture and sale of medical devices products ("Medical Devices")

For the year ended 31 December 2014, revenue from the Medical Devices segment recorded HK$26.6 million, increased 7.5% or HK$1.9 million as compared to HK$24.7 million in the previous year. This amount represented 34.7% of the Group's total revenues for the year under review. The increase of revenue was mainly due to the resumption of sales orders from the key customer in America, where its end-product has been relaunched to the market after an unexpected recall in the first half of 2013.

Segment's performance recorded a loss of HK$4.7 million, improved by HK$1.3 million or 21.3% as compared to loss of HK$6.0 million in the previous year. The Group gained economies of scale with increasing sales order. Revenue growth also allowed the Group to better leverage its fixed costs as indicated by the decrease in selling, general and administrative costs as a percentage of revenues. In addition, the Group has completed and continued to undertake initiatives to reduce operating costs through consolidation of select departments and administrative functions.

During the past few years, the worldwide business environment, unexpected recall of the end customer's product and China's manufacturing challenges were the major reasons which affected the performance of this segment. As at 31 December 2014, the management had assessed the recoverable amount of this business segment and determined that an impairment loss on goodwill and property, plant and equipment of HK$11.8 million and HK$2.1 million were recognised in 2014 respectively.

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

The revenue from the Plastic Moulding segment decreased by HK$14.4 million, or 22.4% to HK$49.9 million for the year under review, which accounted for 65.3% of the total Group's revenue. Certain plastic moulding products encountered a decrease in sales orders due to the end of life cycle of some customers' end products.

In the past few years, this segment continued to operate under a tough manufacturing environment of heavy cost by labor and overhead expenses under China's rapid economic development. However, the incremental cost cannot be shifted to clients due to the intense competition in the manufacturing landscape. In order to mitigate the rising costs and to improve profitability, the Group underwent a cost containment program including outsourcing of certain manufacturing processes and relocation of the production lines for Plastics Moulding business in the first half of the year 2014. As a result, provisions for the relocation of production lines were made in cost of sales of HK$1.2 million and administrative expenses of HK$2.3 million. Nevertheless, declining sales orders caused facility idle and brought forth the tense situation of production gross loss, resulting in an increase in operating loss of HK$3.5 million or 36.2% to HK$13.2 million.

Taking into consideration that the Group has been adversely affected by the recent business environment, the Board decided to cease the operation of Plastics Moulding business by the end of the first quarter of 2015 upon the completion of the existing customers' orders. The Board is of the view that the cessation of the operation of Plastics Moulding business will provide the Group an exit opportunity and additional working capital, which is in the best interests of the Company and its shareholders (the "Shareholders").

PROSPECTS

The performance of the Medical Device segment has shown some improvements in 2014 which was a result of the continuous business process re-engineering and administrative restructuring effort over the past few years. This long-term cost containment system will no doubt continue to help cost savings, but the momentum and sales order of the business relied heavily on the demand of customers' end products. The loss of any sales order due to change of customers' marketing strategies or discontinued end-products may adversely affect the operating results and financial condition of this segment in future.

After the cessation of the Plastics Moulding business, the Group is striving to penetrate into the new markets to strengthen its income stream. Concurrently, many employers are struggling to fully utilize enterprise resources thus outsourcing non-core/non-revenue generating activities before administrative processes slow down the firm's productivity. To grasp these market opportunities, the Group will transform its operational structure into a diversified corporation, initially focusing on business process outsourcing such as public relations and human resources management services.

With the rising awareness of corporation communications functions, there is a growing demand in public relations services. The Group plans to provide comprehensive solutions, including corporate communications, investor relations, media relations, conference and event management, to meet the clients' critical communications needs.

Human resources management remains another important component of businesses' long-term competitiveness in Hong Kong, as the recent demographic trends such as aging population and improving financial performance in the major corporations are likely to result in demand for talent outstripping supply. With the aim to deliver broad-based human resources solutions for general and investment banks and multi-national corporations, the Group plans to provide potential customers a "one-stop-shop" to fulfill their staffing needs from professional services and consulting to clerical positions. The Group believes that value will be added to customers by increasing their overall financial performance with its performance-based staffing solutions.

The preparation work of public relations and human resources management services has nearly approached the final stage, a new office located at Central, Hong Kong was scheduled to be opened in the second quarter of 2015. For future business development and investment, the Group will adopt more collaborative business models to explore every potential opportunity.

FINANCIAL REVIEW

Capital and debt structure

As of 31 December 2014, the Group's consolidated net assets was approximately HK$48.2 million, representing an increase of approximately HK$84.9 million as compared to that of 2013, arising from the completion of share placing activities and conversion of convertible notes, which set off against the operating loss for the year.

On 24 March 2014, the Company and a placing agent (the "Placing Agent I") entered into a placing agreement under the general mandate (the "GM Placing Agreement I"), pursuant to which the Company has conditionally agreed to offer for subscription and the Placing Agent I has agreed to procure, failing which, the Placing Agent I itself will subscribe for 175,160,000 placing share (the "GM Placing Shares I") at a price of HK$0.239 per GM Placing Share I (collectively, the "GM Placing I"). On 7 April 2014, the GM Placing I was completed. The Company issued a total of 175,160,000 GM Placing Shares I at a price of HK$0.239 each to not less than six independent placees. The Company received the net proceeds of approximately HK$40.3 million from the GM Placing I, of which (i) approximately HK$10.3 million was used for repayment of short term loan and the accrued loan interest; (ii) approximately HK$15.8 million was used for repayment of amount due to a Director; and (iii) approximately HK$14.2 million was used for payment of general corporate expenses.

On the same day, the Company and the Placing Agent I also entered into another placing agreement (the "SM Placing Agreement") under a specific mandate (the "Specific Mandate"), pursuant to which, the Company has conditionally agreed to place through the Placing Agent I on a best endeavor basis, up to 175,160,000 placing shares (the "SM Placing Shares") to not less than six placees at a placing price HK$0.239 per SM Placing Share by 30 June 2014 or such other date as the parties may agree in writing (collectively, the "SM Placing"). Pursuant to an ordinary resolution passed by the Shareholders at the special general meeting on 20 June 2014 and all of the conditions as set out in the Company's circular dated 4 June 2014 had been fulfilled, the Company issued a total of 175,160,000 SM Placing Shares at a price of HK$0.239 each to not less than six independent placees. The Company received the net proceeds of approximately HK$40.1 million from the SM Placing, of which approximately HK$8.5 million has been used as intended as to (i) approximately HK$6.3 million for the research and development of new medical and/or healthcare products and services; (ii) approximately HK$0.8 million for the launch of new medical and/or healthcare products and service; (iii) approximately HK$0.3 million for the set up and development of e-commerce platform; and (iv) approximately HK$1.1 million for the establishment of new public relations and new human resources agencies.

Details of the GM Placing I and the SM Placing are set out in the Company's announcements dated 24 March 2014, 7 April 2014 and 30 June 2014, respectively and the Company's circular dated 4 June 2014.

On 26 May 2014, the Company issued and allotted 80,087,620 shares at a conversion price of HK$0.5 per share for the conversion of all outstanding convertible notes, details of which are set out in the Company's announcements dated 7 October 2011 and 28 March 2013, respectively.

On 31 October 2014, the Company and another placing agent (the "Placing Agent II") entered into a placing agreement under the general mandate (the "GM Placing Agreement II"), pursuant to which the Company has conditionally agreed to place through the Placing Agent II on a best endeavor basis, up to 226,200,000 placing shares (the "GM Placing Shares II") at a price of HK$0.118 per GM Placing Share II (collectively, the "GM Placing II"). On 14 November 2014, the GM Placing II was completed. The Company issued a total of 226,200,000 GM Placing Shares II at a price of HK$0.118 each to not less than six independent placees. The Company received the net proceeds of approximately HK$25.4 million from the GM Placing II, of which approximately HK$1.5 million was used as general working capital and the unutilized net proceeds was placed at the bank. Details of the GM Placing II are set out in the Company's announcements dated 31 October 2014 and 14 November 2014, respectively.

As at 31 December 2014, the Company has 1,532,431,606 shares of HK$0.01 each in issue.

As at 31 December 2014, the Group's total borrowings from financial institutions decreased by HK$14.1 million to HK$2.2 million (as at 31 December 2013: HK$16.3 million). All of such borrowings were payable within one year. Since most of the borrowings were denominated in Hong Kong dollars, the risk of currency exposure was minimal. The Group's total cash and bank balances amounted to approximately HK$62.6 million at 31 December 2014, which increased approximately HK$58.0 million as compared to that of 2013 (2013: HK$4.6 million).

The Group's gearing ratio was 4.5% at 31 December 2014, while that it was not applicable as at 31 December 2013 because the Group had a capital deficiency at that date. The ratio was determined by bank and other borrowings, amount to a director, obligations under a finance lease and convertible notes over shareholders' equity.

Working capital and liquidity

As at 31 December 2014, the Group's current ratio and quick ratio were 2.3 and 2.4 respectively (31 December 2013: 0.4 and 0.3). Inventory turnover on sales increased to 21 days (31 December 2013: 30 days). Receivable turnover was 49 days (31 December 2013: 58 days).

Contingent liabilities and charges

As at 31 December 2014, the Group has pledged its assets with an aggregate net book value of HK$1.6 million (31 December 2013: HK$4 million) to secure bank facilities granted and finance lease obligations. The Group had no material contingent liabilities at 31 December 2014.

Foreign Currency Exposure

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group's employees number was approximately 36 (31 December 2013: 150). The Group's employees are remunerated largely based on their performance and experience, alongside with the current industry practices. Remuneration packages of employees include salaries, insurance, mandatory provident fund and share option scheme. Other employee benefits include medical cover, housing allowance and discretionary bonuses.

FINAL DIVIDEND

No payment of dividends has been proposed by the Board in respect of the year ended 31 December 2014 (2013: Nil).

EVENT AFTER THE REPORTING PERIOD

Pursuant to the announcement dated 9 March 2015, the Board proposed to put forward a proposal on capital reorganisation (the "Capital Reorganisation"), pursuant to which (i) every five (5) issued and unissued existing shares of HK$0.01 each to be consolidated into one (1) consolidated share of HK$0.05 (the "Share Consolidation"); (ii) immediately following the Share Consolidation, the issued share capital of the Company was proposed to be reduced by reducing the par value of each consolidated share from HK$0.05 to HK$0.01, thereby cancelling the paid-up capital to the extent of HK$0.04 on each consolidated share in issue (the "Capital Reduction"); and (iii) the credit balance of approximately HK$12.3 million arising from the Capital Reduction was proposed to be credited to the contributed surplus accounts of the Company and then applied to set off against the accumulated losses of the Company as permitted by the laws of Bermuda and the Bye-Laws of the Company. After the completion of proposed Share Consolidation and Capital Reduction, the Company's authorised share capital remains at HK$400,000,000 divided into 40,000,000,000 shares of HK$0.01 each.

CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Corporate Governance Code ("CG Code") throughout the year ended 31 December 2014 as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for certain deviations disclosed herein.

Code Provision A.1.3

Under this code provision, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend.

During the year, certain Board meetings were convened with less than 14 days' notice to enable the Board members to react timely and make expeditious decisions in respect of urgent corporate transaction and general business update which was significant in nature. As a result, the Board meeting was held with a shorter notice period than required with the consent of the Directors. The Board will do its best endeavor to meet the requirement of code provision A.1.3 of the CG Code in the future.

Code Provision A.2.1

Under this code provision, the roles of chairman and the chief executive should be separate and should not be performed by the same individual.

Mr. Yip Wai Lun, Alvin was the Chairman and Managing Director of the Company (the Company regards the role of its managing director to be the same as that of chief executive under the CG Code) during the year ended 31 December 2014.

During the year under review, the Group has been streamlining its operations, including business development, operation efficiency and financial management. The Board considers that it would be in the best interest of the Shareholders that the roles of the Chairman and the Managing Director of the Company be combined to enable a strong and delicated leadership to reposition the Company and implement effective measures to improve Shareholders' value. In this light, the Company has maintained Mr. Yip Wai Lun, Alvin as the Chairman and the Managing Director of the Company. The Company will review the current structure when and as it becomes appropriate.

Code Provision A.6.7

Under this code provision, all independent non-executive directors and non-executive directors should attend general meetings of listed issuers. Mr. Leung Ka Kui, Johnny, Mr. Lau Man Tak and Mr. Chan Kam Kwan, Jason, the Independent Non-executive Directors, were unable to attend the annual general meeting held on 30 May 2014 due to their other business engagements.

Code Provision E.1.2

Under this code provision, the chairman of the board should attend the annual general meeting. Mr. Yip Wai Lun, Alvin, the Chairman of the Company, was unable to attend the annual general meeting held on 30 May 2014 due to his other business engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by its Directors. Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the year ended 31 December 2014.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company comprises three Independent Non-executive Directors, namely Mr. Chan Kam Kwan, Jason (Chairman of the Audit Committee), Mr. Leung Ka Kui, Johnny and Mr. Lau Man Tak. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including the review of the audited results for the year ended 31 December 2014.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

APPRECIATION

On behalf of the Board, I would like to express appreciation to colleagues for their hard work and dedication in the past year. We will remain committed to achieving better results and maximising returns to our Shareholders.

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

Hong Kong, 26 March 2015

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