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 2023

RESULTS

The board (the "Board") of directors (the "Directors") of AMCO United Holding Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023, together with the comparative figures for the previous year, as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	**2023** ***HK$'000***	2022 *HK$'000* (re-presented)
Continuing operations			
Revenue	*5*	**34,333**	66,489
Cost of sales		**(19,525)**	(51,801)
Gross profit		**14,808**	14,688
Other income and other gains or losses	*6*	**(8,115)**	(16,481)
Distribution expenses		**(4,095)**	(1,626)
Administrative expenses		**(9,938)**	(23,407)
Reversal of impairment losses/(impairment losses recognised) under expected credit loss model, net		**7,934**	(76,294)
Finance costs		**(2,307)**	(1,173)

* *For identification purposes only*

	Notes	2023 HK$'000	2022 HK$'000 (re-presented)
Loss before income tax	7	**(1,713)**	(104,293)
Income tax expense	8	**–**	–
Loss for the year from continuing operations		**(1,713)**	(104,293)
Discontinued operation			
(Loss)/profit for the year from a discontinued operation	9	**(1,040)**	42
Loss for the year attributable to owners of the Company		**(2,753)**	(104,251)
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**–**	(1,193)
Reclassification of exchange difference upon disposal of a subsidiary		**(2,069)**	–
		(2,069)	(1,193)
Total comprehensive loss for the year attributable to owners of the Company		**(4,822)**	(105,444)
			(Restated)
LOSS PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS			
– Basic and diluted *(HK$ cents per share)*	10	**(0.30)**	(19.13)
LOSS PER SHARE FROM CONTINUING OPERATIONS			
– Basic and diluted *(HK$ cents per share)*	10	**(0.18)**	(19.13)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023 HK$'000	2022 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**–**	1,074
Goodwill		**–**	–
Equity instrument at fair value through profit or loss ("FVTPL")		**–**	5,272
		–	6,346
Current assets			
Inventories		**7,262**	2
Held-for-trading investments		**45,468**	36,029
Trade and other receivables	*11*	**108,272**	126,741
Cash and cash equivalents		**7,716**	3,722
		168,718	166,494
Current liabilities			
Trade and other payables	*12*	**76,457**	99,011
Lease liabilities		**–**	223
		76,457	99,234
Net current assets		**92,261**	67,260
Total assets less current liabilities		**92,261**	73,606
Non-current liabilities			
Bond payables		**30,900**	30,900
Financial liabilities at FVTPL		**–**	23,902
Lease liabilities		**–**	215
		30,900	55,017
Net assets		**61,361**	18,589
EQUITY			
Share capital		**48,378**	24,189
Reserves		**12,983**	(5,600)
Total equity		**61,361**	18,589

NOTES

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 Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and the principal place of business of the Company are disclosed in the corporation information section to the annual report.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in (i) sale of medical products; (ii) sale of plastic moulding products; (iii) provision of money lending; and (iv) investment in securities.

During the year ended 31 December 2023, the Group discontinued its operation in provision of construction services in building construction, building maintenance and improvement works, project management, renovation and decoration works (the "Discontinued operation"). Details are set out in note 9.

The consolidated financial statements are presented in HK$ or thousands of units of HK$ ("HK$'000"), which is the same as the functional currency of the Company.

2. Basis of Preparation

When preparing the consolidated financial statements, the Group's ability to continue as a going concern has been assessed. These consolidated financial statements have been prepared by the directors of the Company on a going concern basis notwithstanding that the Group incurred a net loss of approximately HK$2,753,000 for the year ended 31 December 2023. The directors of the Company are of the opinion that the Group will have sufficient funds to meet its financial obligations when they fall due in the foreseeable future taking into accounting the followings:

(i) The Group is currently engaged in sales of medical products and sales of plastic moulding products. One of the key focuses is to expand its operation through difference channels.

(ii) The Group will closely monitor the collection of loans and receivables to ensure timely payments are made.

(iii) The Group remains committed to implementing stringent expense controls as a continuous effort to manage costs effectively and optimize operational efficiency. By closely monitoring and scrutinizing expenses, the Group aims to identify areas for potential savings and ensure that resources are allocated judiciously.

After taking into consideration of the above factors and funds expected to be generated internally from operations based on the Directors' estimation on the future cash flows of the Group, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis because there is no material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively and to provide for any further liabilities which might arise.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at their fair value at the end of the reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. Application of Amendments to HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the June 2020 and December 2021 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liabilities in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

The directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. Segment Reporting

The Group determines its operating segments based on the reports reviewed by the executive directors, being the chief operating decision-maker (the "CODM"), that are used to make strategic decisions.

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:

Continuing operations

(1) Sale of medical products ("Medical Products Business");

(2) Sale of plastic moulding products ("Plastic Products Business");

(3) Provision of money lending ("Money Lending Business"); and

(4) Investment in securities ("Securities Investment Business").

Discontinued operation

(1) Provision of construction services in building construction, building maintenance and improvement works, project management, renovation and decoration works ("Building Contract Works Business").

The Group discontinued Building Contract Works Business segment was accounted for as a discontinued operation during the year ended 31 December 2023. Details about the Discontinued operation are set out in Note 9.

Corporate revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segment results that is used by the CODM for assessment of segment performance.

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

(a) Segment revenue and results

For the year ended 31 December 2023

	Continuing operations				Discontinued operation	
	Medical Products Business	**Plastic Products Business**	**Money Lending Business**	**Securities Investment Business**	**Building Contract Works Business**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	**21,938**	**635**	**11,760**	**–**	**–**	**34,333**
Timing of revenue recognition						
At a point in time	**21,938**	**635**	**–**	**–**	**–**	**22,573**
Reportable segment results	**3,262**	**(829)**	**14,744**	**(8,795)**	**(1,040)**	**7,342**
Reportable segment assets	**25,455**	**327**	**81,806**	**50,407**	**104**	**158,099**
Reportable segment liabilities	**54,965**	**11,779**	**1,132**	**–**	**1,604**	**69,480**
Amounts included in the measure of segment results or segment assets						
Interest income	**–**	**–**	**(2)**	**(12)**	**–**	**(14)**
Depreciation of property, plant and equipment (including right-of-use assets)	**–**	**–**	**480**	**–**	**–**	**480**
(Reversal of impairment losses)/ impairment losses recognised under expected credit loss model, net	**(2,386)**	**–**	**(5,548)**	**–**	**1,038**	**(6,896)**

For the year ended 31 December 2022 (re-presented)

	Continuing operations				Discontinued operation	
	Medical Products Business	Plastic Products Business	Money Lending Business	Securities Investment Business	Building Contract Works Business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	54,422	1,132	10,935	–	2,718	69,207
Timing of revenue recognition						
At a point in time	54,422	1,132	–	–	–	55,554
Over time	–	–	–	–	2,718	2,718
	54,422	1,132	–	–	2,718	58,272
Reportable segment results	(25,556)	(788)	(39,148)	(4,633)	42	(70,083)
Reportable segment assets	34,330	16	90,654	36,215	1,142	162,357
Reportable segment liabilities	69,732	5,742	1,243	–	2,486	79,203
Amounts included in the measure of segment results or segment assets						
Interest income	–	–	(2)	–	–	(2)
Depreciation of property, plant and equipment (including right-of-use assets)	–	–	284	–	–	284
Impairment losses/(reversal of impairment losses) recognised under expected credit loss model	28,857	–	47,437	–	(1,641)	74,653

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

	2023	2022
	HK$'000	*HK$'000*
		(re-presented)
Revenue from continuing operations		
Reportable segment revenue	**34,333**	66,489
Reportable segment results	**8,382**	(70,125)
Finance costs	**(2,307)**	(1,173)
Unallocated corporate expenses	**(7,788)**	(32,995)
Loss before income tax from continuing operations	**(1,713)**	(104,293)
Assets		
Segment assets	**157,995**	161,215
Equity instrument at FVTPL	**–**	5,272
Cash and cash equivalents	**7,716**	3,722
Unallocated corporate assets	**2,903**	1,489
Consolidated assets from continuing operations	**168,614**	171,698
Liabilities		
Segment liabilities	**67,876**	76,717
Bond payables	**30,900**	30,900
Financial liabilities at FVTPL	**–**	23,902
Unallocated corporate liabilities	**6,977**	20,246
Consolidated liabilities from continuing operations	**105,753**	151,765
Revenue from a discontinued operation		
Reportable segment revenue	**–**	2,718
Reportable segment results	**(1,040)**	42
(Loss)/profit before income tax from a discontinued operation	**(1,040)**	42

Reportable segment results represents the profit/(loss) attributable to each segment without allocation of loss on changes in fair value of equity instrument at FVTPL, central administrative expenses, corporate directors' emoluments under the heading of "unallocated corporate expenses" and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

All assets from continuing operations are allocated to reportable segments other than cash and cash equivalents, equity instrument at FVTPL and partial deposits, prepayment and other receivables included in corporate assets.

All liabilities from continuing operations are allocated to reportable segments other than bond payables, financial liabilities at FVTPL and partial other payables included in corporate liabilities.

(c) Geographic information

All of the Group's non-current assets (excluded financial instruments) were located in Hong Kong.

Information about the Group's revenue from external customers, presented based on geographical location of the customers are detailed below:

	2023	2022
	HK$'000	*HK$'000*
		(re-presented)
From continuing operations		
Hong Kong	**11,760**	20,022
People's Republic of China (the "PRC")	**21,938**	45,335
Others	**635**	1,132
	34,333	66,489
From discontinued operation		
Hong Kong	**–**	2,718

(d) Information about major customers

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

	2023	2022
	HK$'000	*HK$'000*
From continuing operations		
Customer A – Medical Products Business	***(Note)***	13,325
Customer B – Medical Products Business	**8,268**	11,611
Customer C – Medical Products Business	**10,130**	11,432
Customer D – Medical Products Business	***(Note)***	8,967

Note: This customer did not contribute over 10% of total revenue of the Group in 2023.

Except for disclosed above, no other customers contributed 10% or more to the Group's revenue for both years from continuing operations.

No customers contributed 10% or more to the Group's revenue for both years from discontinued operation.

5. Revenue

	2023	2022
	HK$'000	*HK$'000*
		(re-presented)
Revenue from contracts with customers within the scope of HKFRS 15:		
From continuing operations		
Sales of medical products	**21,938**	54,422
Sales of plastic moulding products	**635**	1,132
	22,573	55,554
Revenue from other source:		
Loan interest income	**11,760**	10,935
	34,333	66,489
From discontinued operation		
Revenue from construction contracts	**–**	2,718

6. Other Income and Other Gains or Losses

	2023	2022
	HK$'000	*HK$'000*
		(re-presented)
From continuing operations		
Exchange gain, net	**1**	4
Realised and unrealised loss in held-for-trading investments, net	**(8,545)**	(4,679)
Loss on change in fair value of equity instrument at FVTPL	**–**	(14,935)
Interest income	**14**	2
Government grants *(Note)*	**–**	112
Gain on deregistration of a subsidiary	**–**	22
Gain on change in fair value of financial liabilities at FVTPL	**–**	2,952
Impairment loss recognised on property, plant and equipment	**(594)**	–
Gain on termination of leases	**438**	–
Gain on disposal of a subsidiary	**567**	–
Others	**4**	41
	(8,115)	(16,481)

Note: The Group recognised government grants of in respect of Covid-19-related subsidies which relates to Employment Support Scheme and anti-epidemic fund subsidy provided by the Hong Kong government where appropriate as a support in 2022. There were no unfulfilled conditions or contingencies relating to these government grants.

7. Loss Before Income Tax

The Group's loss before income tax is arrived at after charging/(crediting):

	2023	2022
	HK$'000	*HK$'000*
		(re-presented)
From continuing operations		
Staff costs (including directors' emoluments)		
– Salaries, wages and benefits in kind	**3,612**	2,798
– Retirement benefits scheme contributions	**142**	45
– Share-based payment expenses	**–**	9,209
	3,754	12,052
Depreciation of property, plant and equipment (including right-of-use assets)	**480**	284
Auditor's remuneration	**440**	450
Expenses relating to short-term leases and low-value assets	**793**	441
Loss on early repayment of bond payable	**5,831**	–
Impairment losses recognised on property, plant and equipment	**594**	–
(Reversal of impairment losses)/impairment losses recognised under expected credit loss model on:		
– trade receivables	**(2,386)**	28,857
– loan receivables	**(5,548)**	47,437
	(7,934)	76,294
Cost of inventories sold (included in cost of sales)	**19,524**	51,800

8. Income Tax Expense

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

No Hong Kong Profits Tax was provided for both years as the Group did not derive any estimated assessable profits.

Under the Law of the PRC 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.

No PRC Enterprise Income Tax was provided for both years as the Group did not derive any estimated assessable profits.

9. Discontinued operation

During the year ended 31 December 2023, one of the subsidiaries of the Group, ACE Engineering Limited ("ACE Engineering") suspended the operation. ACE Engineering is a registered contractor in several government/public organisations and only registered contractors are eligible to obtain contracts from these government bodies, the contractor registrations was not able to renewal during the year ended 31 December 2023, therefore the operations had been suspended. ACE Engineering was principally engaged in provision of construction services in building construction, building maintenance and improvement works, project management, renovation and decoration works, which represented a separate business line of the Group's operations. The directors of the Company are in view that the building contract works business had been abandoned and discontinued at the beginning of the reportable period.

The (loss)/profit for the year ended 31 December 2023 and 2022 from the discontinued operation is set out below:

	2023	2022
	HK$'000	*HK$'000*
		(re-presented)
(Loss)/profit of discontinued operation for the year	**(1,040)**	42

The results of the discontinued operation for the period from 1 January 2022 to respective date of discontinuation of the respective operations, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	2023	2022
	HK$'000	*HK$'000*
		(re-presented)
Revenue	**–**	2,718
Cost of services	**–**	(642)
Gross profit	**–**	2,076
Other income and other gains or losses	**–**	140
Administrative expenses	**(1,040)**	(2,174)
(Loss)/profit before income tax	**(1,040)**	42
Income tax expense	**–**	–
(Loss)/profit for the year	**(1,040)**	42

	2023	2022
	HK$	*HK$*
		(restated)
(Loss)/earnings per share from discontinued operation		
Basic and diluted	**(0.11)**	0.01

During the year ended 31 December 2023, the discontinued operation contributed approximately HK$884,000 to the Group's net operating cash outflows (2022: outflows HK$4,171,000).

10. Loss per Share

The computation of the basic and diluted loss per share is based on the following data:

	Continuing and discontinued operations		Continuing operations	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(re-presented)		(re-presented)
Loss				
Loss for the purpose of basic loss per share				
Loss for the year attributable to equity holders of the Company	**(2,753)**	(104,251)	**(1,713)**	(104,293)
	2023	2022	**2023**	2022
	'000	*'000*	***'000***	*'000*
		(restated)		(restated)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	**930,510**	545,041	**930,510**	545,041

The weighted average number of Share for the year ended 31 December 2023 for the purpose of the calculation of basic earnings per Share has been adjusted after taking into account of the rights issue on the basis of one right Share for every one existing Shares held on the record date, which was completed on 1 February 2023 ("Right Issue"). The corresponding weighted average number of ordinary Shares for the year ended 31 December 2022 has been retrospectively adjusted to reflect the Right Issue.

As the Company's outstanding share options where applicable had an anti-dilutive effect to the basic loss per share calculation, the exercise of the above potential dilutive shares is not assumed in the calculation of diluted loss per share for both years.

11. Trade and Other Receivables

	2023	2022
	HK$'000	*HK$'000*
Trade receivables from contracts with customers	**45,294**	63,765
Less: Allowance for credit losses	**(27,101)**	(29,050)
	18,193	34,715
Retention receivables from contracts with customers	**272**	272
Less: Allowance for credit losses	**(272)**	(2)
	–	270
Loan receivables	**153,534**	167,930
Less: Allowance for credit losses	**(72,265)**	(77,813)
	81,269	90,117
Deposits, prepayment and other receivables	**8,810**	1,639
Total trade and other receivables	**108,272**	126,741

The Group allows credit period up to 90 to 180 days to its trade customers. The aging analysis of trade receivables (net of allowance for credit losses), based on earliest of the invoice date or revenue recognition date is, as follows:

	2023	2022
	HK$'000	*HK$'000*
Within 3 months	**3,558**	21,235
Over 3 months but within 6 months	**–**	13,043
Over 6 months	**14,635**	437
	18,193	34,715

12. Trade and Other Payables

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**53,665**	61,010
Retention payables	**958**	958
Contract liabilities	**5**	5,007
Amount due to Titron Group Holdings Limited	**1,700**	1,700
Amounts due to the vendors	**7,500**	7,500
Accruals and other payables	**12,629**	22,836
	76,457	99,011

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

	2023	2022
	HK$'000	*HK$'000*
Within 3 months	**3,203**	–
Over 3 months but within 6 months	**1,291**	–
Over 6 months	**49,171**	61,010
	53,665	61,010

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS, BUSINESS REVIEW AND PROSPECTS

Results

The total revenue of the Group decreased HK$32.2 million or 48.4%, from HK$66.5 million last year to HK$34.3 million for the year ended 31 December 2023. Such decrease was mainly attributable to the decrease in revenue from medical products and revenue from the provision of construction services in building construction, building maintenance and improvement works, project management, renovation and decoration works (“Building Contract Works Business”).

Gross profit of the Group was HK$14.8 million, representing an increase of HK$0.1 million or 0.7% as compared to HK$14.7 million in 2022. Gross profit margin increased by 21.0 percentage points to 43.1% (2022: 22.1%), primarily as a result of gross profit margin contributed from the sale of medical products (“Medical Products”) and provision of money lending (“Money Lending Business”).

Other income and other gains or losses, during the year under review recorded loss of HK$8.1 million, decreased from other loss of HK$16.5 million in the corresponding year of 2022, which was mainly attributable to the net effect of realised and unrealised loss of held-for-trading investments arising from the business of investment in securities (“Securities Investment”) of HK$8.5 million.

The distribution and administrative expenses amounted to HK$14.0 million, which decreased HK$11.0 million or 44.0% as compared to that of HK$25.0 million for the corresponding year of 2022, primarily because there was a share based payment recognised during the year ended 31 December 2022.

Finance costs amounted to HK$2.3 million (2022: HK$1.2 million) for the year under review, which represented interest on bond payables and lease liabilities.

As a result, the overall loss attributable to owners of the Company was HK$2.8 million, which decreased by HK$101.5 million or 97.3% as compared to HK$104.3 million loss for the corresponding year of 2022 which was mainly due to the reversal of provision for expected credit loss (“ECL”) of approximately HK$7.9 million (2022: provision for ECL recognised of approximately HK$76.3 million) recognised during the year ended 31 December 2023.

The Group recognises impairment loss allowance for ECL on loan receivables. The Group engaged an independent professional valuer to assess the amount of ECL and the amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. The Group recognises lifetime ECL for loan receivables. The ECL on these loan receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The Group had liaised with the borrowers and assess their financial status and the recoverability of each loan. In the course of assessment of the ECL, the loss rates of the receivables are derived from the probability of default and loss given default. In view of the global economic condition under the COVID-19 pandemic, the Group assessed that the probability of default of certain borrowers were relatively high. As such, the credit loss rate applied for the assessment is 47.1% (2022: 46.3%) for the year ended 31 December 2023. The decrease in the ECL was mainly due to the net effect of the application of higher credit loss rate for the year ended 31 December 2023 and the lower balance of the loan receivables during the year ended 31 December 2023 comparing with that of 2022.

Business Review

Medical Products

For the year ended 31 December 2023, the Medical Products recorded revenue of HK$21.9 million, which decreased by 59.7% or HK$32.5 million as compared to that of HK$54.4 million in the previous year. This amount represented 63.9% of the Group's total revenue for the year under review. In 2023, due to the keen competition in the industry and the demand of the epidemic prevention related products and solutions decrease as the COVID-19 pandemic passed, causing sales demand and revenue of the sale of medical products ("Medical Products") to decrease during the current year.

Segment result of the Medical Products recorded a profit amounted to HK$3.3 million for the year ended 31 December 2023, as compared to segment loss of HK$25.6 million in the corresponding year of 2022, which was caused by the provision of expected credit loss recognised for the year ended 31 December 2022. To cope with the challenge of fluctuating sales order, the Group is persisting to deploy business strategies of streamlining and outsourcing of business processes, implementing strict cost control and ensuring effective utilisation of resources with an aim to maintain its long-term sustainable competitive advantages in the business segment. In the meantime, the Group is actively exploring and identifying potential business opportunities to expand its customer base of the business segment in order to broaden the income streams of the Medical Products.

Overview

The Group is engaged in the business of manufacturing medical devices, starting with lancet devices since 2011 and operates a production plant located in Dongguan, the People's Republic of China which is fully US FDA (Food and Drug Administration of the United States) certified. The production team commence to manufacture high precision and high cavitations tooling for lancet devices, i.e. plastic piping, since 2008. The plastic piping in the blood glucose instrument requires very high precision and specifications in quality and safety because it is in direct contact with the blood. Our products is comply with relevant medical device certification and quality standards, such as ISO 15197, which limited the deviation of the measurement results of the lancet devices, i.e. for blood glucose levels below or equal to 5.55 mmol/L (100 mg/dL), the deviation is required to be within ±0.83 mmol/L (±15 mg/dL), and for blood glucose levels above 5.55 mmol/L, the deviation of the measurement results is required to be within ±15%.

In recent years, the Group further developed the products and services portfolio which allow the Group manufacture other parts to be used in the medical devices, such as the plastic syringes, needles, connection port and test strip slot. These products are precisely designed and manufactured to ensure its safety and accuracy. After years of development, the Group is able to handle one-stop production process by offering prototyping, sampling, manufacturing and assembling of medical devices and products in accordance with the specification of the customers on a mix of original design manufacturer (the "ODM") and original equipment manufacturer (the "OEM") bases.

With over 10 years of operations in the medical product industry, the Group offer a range of medical products and parts with different designs and features to cater for different requirements of the customers in response to the ever-changing market demand and technology advancement. The Group have a product development team to develop prototypes of the medical products and parts of the customers' requirement and specification. The Board believe that the product development team possesses the requisite expertise and experience to facilitate our business development, expand the product portfolio at the request of the customers and respond quickly to any change in customers' preferences.

The Group also place considerable emphasis on the consistent quality of the products and have therefore implemented a stringent quality control system to ensure the Group's products meet the quality standards.

The Medical Products Business is mainly conducted through identifying the demands of the Group's existing and potential customers (including specification of products, price that the customers can afford, etc.), supplying medical devices and providing medical device solutions and sourcing the products from various suppliers. The Group also provides aftersales services such as testing, installation, training and maintenance services for the products sold. During the year, the Group mainly sold the medical devices which are broadly classified into (i) lancet piping parts and devices, and (ii) customized parts used in medical devices.

The Group has been serving our extensive customer base in Hong Kong and the PRC and a vast sales network associated with the Group's PRC subsidiaries to identify and discuss with the existing and potential customers on product specifications and provision of after-sale services.

During the year ended 31 December 2023, most of the customers were users or distributors in the PRC. The customers mainly include (i) retailers which operate medical research and development center and sell the products under their own brand names; (ii) trading companies which further distribute the medical products to their local consumer market under their own brand names and/or designated names; and (iii) other users which mainly include healthcare companies and construction companies which purchase the products and/or solutions from the Group.

In order to continue to broaden the customer base, the Group is continuously looking for new opportunities and identifying potential customers. While some of the business relationships began from business events and exhibitions, the Group also establishes business relationships with the customers via many different ways including referrals from customers and suppliers, the business network of the director and senior management in the industry.

For some of the customers, the relationships first began from business events and exhibitions which the Group participated in. The customers were introduced with background and products of the Group and would be invited to visit the production site to inspect the production facilities and assess the quality of the products. Having ascertained that the Group were able to comply with their selection standards in relation to product quality and production process, they started to place purchase orders with the Group. The Board believe that stable product quality and ability to deliver a wide range of products to the customers have enabled the Group to have recurring orders from the customers.

The Group has a team to handle the Medical Products Business which led by the executive Directors, Mr. Zhang Hengxin and Mr. Jia Minghui, together with senior management which experienced and dedicated management with strong industry knowledge and execution capabilities. Some members of the senior management have more than 10 years of experience in the manufacturing industry and medical product industry. The Group believe that the executive Directors and senior management are important to the Group's success. The in-depth industry, financial and commercial knowledge which the executive Directors and senior management possess as well as their business networks have ensured the Group to sustain business growth by increasing the market share in future.

Products

Since the commencement of the Medical Products Business in 2011, sales and manufacturing of high precision and high cavitations tooling for lancet devices, i.e. plastic piping, has been the key driver of the revenue in the Medical Products Business. After years of research and development, the Group expanded the product and services portfolio to increase the source of income stream.

During the year ended 31 December 2023, the Group provide a wide range of medical products and solutions which are broadly classified into (i) lancet piping parts and devices, and (ii) customized parts used in medical devices.

The table below sets forth the breakdown of the revenue by product category during the year ended 31 December 2023:

	HK$'000
Lancet piping parts and devices	14,133
Customized parts used in medical devices	7,805
Total	21,938

Lancet piping parts and devices

Lancet devices are mainly used by diabetic patients and pregnant women which used to (i) measure glucose levels in the blood, (ii) helping diabetics monitor blood glucose levels, (iii) adjust diet and treatment plans, (iv) control disease progression, and (v) prevention of disease. Apart from diabetic patients and pregnant women, lancet devices also commonly used by the people, who is overweight or obesity, have history of diabetes, history of gestational diabetes or giving birth to a big baby, physical inactivity and unhealthy diets, to monitor their level of glucose in the blood.

During the year ended 31 December 2023, the Group manufacture the lancet piping parts and devices on a mix of OEM and ODM bases. The specification of the lancet piping parts and devices depends on the customers' order. Depends on the orders placed by the customers, certain parts of the devices may outsource to other manufacturers.

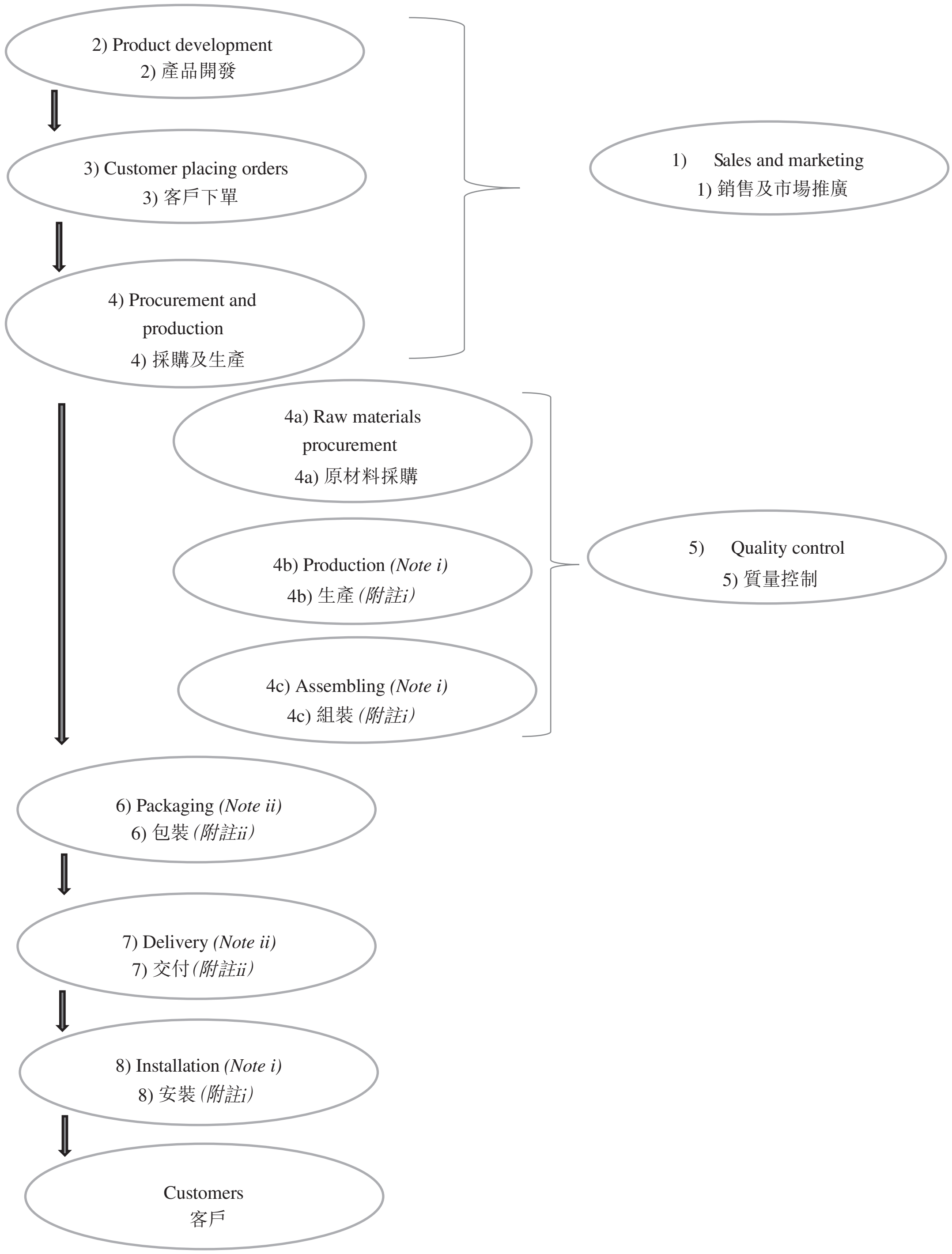
The Group also sell parts of the lancet devices to the customers. The customers who purchase parts of the lancet devices from the Group can also use such parts as spare parts for replacement purpose.

Customized parts used in medical devices

Other than lancet piping parts and devices, the customers also placed order to manufacture certain tooling and parts to be used in their own medical devices, i.e. blood pressure meter and thermometer. The Group prepared some samples of medical devices and parts to display for the customers' inspection before ordering. The customized parts' specification depends on customers' order. Once receive the customers' order, the product development team commence to develop prototypes of the parts and send the product sample to the customer to perform quality checking and confirm before the production.

Business Model

The following diagram shows the major stages and processes of the business:



Notes:

(i) Certain processes and functions may outsource to third party depends on the utilisation of resources of the Group.

(ii) The processes and functions conducted by third parties.

1. *Sales and Marketing*

The sales and marketing department is responsible for liaising with and handling enquiries from the customers, following up sales orders, arranging for delivery and exploring potential customers. Sales staff works closely with the product development department to enable the team to gain a full understanding of the requirements of the customers and to effectively cater the customer's specifications of the manufacturing of the products.

As soon as sales orders are secured from the customers, the responsible sales staff will take steps to ensure that the sales orders are timely handled. They closely liaises with the product design, production and quality control personnel to ensure that the finished products will be ready for delivery as planned.

2. *Product Development*

The product development department is responsible for developing new product designs adhering to customers' specification as well as to improve the production efficiency and quality of the existing products. Generally, product variations are initiated by the customers. Sales team approaches and communicates with the customers of their requirement, including the product dimensions, shapes, lengths, colours, the use of raw materials, safety requirements and production budget on the products. Upon the prototyping/sampling request, the product development team would put forward the suggestions on the modification of product specifications according to the practicality of the production of the tooling and products.

During the product development stage, different departments will work together and work out an estimated production costs if such product is to be launched and ensure that the product samples adhere to the customers' requirement, satisfy the required safety standards and quality controls. After producing the product prototypes for the customers, sales team will then collect feedbacks from the customers as well as the suggestions from the production department on different aspects such as production difficulties and cost estimations. Depends on the estimated cost of production, certain parts may outsource to other manufacturers.

3. *Customers Placing Order*

Once the customers are satisfied with the samples produced, the Group will provide quotations to the customers. The customers will either agree on the price we quoted or request us to provide a revised quotation. When both customers and the Group have agreed on the quotations, the customers will normally proceed to place orders with the Group by issuing a purchase order.

4. *Procurement and Production*

Procurement

The procurement department are responsible to monitor the raw materials consumption and procurement taking into account factors such as inventory on hand, sales orders received and sales forecasts on a regular basis. After the plans are reviewed and approved by the management, such plans would be implemented by the procurement personnel.

In view of the current economy conditions and to ensuring effective utilisation of resources of the Group during the COVID-19 period, in order to minimize (1) the cost of storage; and (2) the risk of obsolete stock, upon receiving the customers' order, the production team will estimate how many raw materials are required for the orders, the Group will only procure the raw materials required for the production and do not keep high inventories level to minimize the risk of obsolete stock as different products has different needs of materials. The Board also consider that this just-in-time production can improve the competitiveness of the Group, i.e. this arrangement allows the Group to more quickly adjust production volumes and product mix to meet customer demand. When the market demand fluctuates, the Group can adjust the pricing strategy according to the actual demand to ensure the market competitiveness of the product.

To minimize the risk of obsolete stock, the Group screen suppliers thoroughly and only use suppliers approved by procurement department. They select suppliers based on the quality of raw materials that they supply as well as their experience, management expertise and reputation in the market. They also inspect each batch of incoming raw materials on a sampling basis to ensure that the raw materials are supplied by the approved suppliers, and that the quality, grade and quantity conform with the order specifications.

Production

All of the production activities performed at the production plant located at Ailingkan Village, Dalingshan Town, Dongguan, Guangdong Province, the PRC. Our factory production maximum capacity is approximately 5 million units per year, depends on the production complexity of the products. The Group carry out inspection of the production facilities and equipment on regular basis to ensure that the production lines operate smoothly. The Group currently has 15 full time employees to maintain the operations of the factory. Depends on the customers' orders received, the Group may employ part time employees to assist the production. The Group provide training to both new and current employees. The Board believe that the production personnel, coupled with well-maintained production facilities, will continue to play a pivotal role in the future of the Group's business.

As of 31 December 2023, the carrying amount of the plant and machinery is approximately HK$Nil (2022: HK$1.1 million). According to the accounting policy adopted by the Group, the plant and machinery are depreciated to write off their cost over their estimated useful lives, i.e., 5-10 years, on a straight-line basis. As such, as the Group commence the operation since 2011 as mentioned above, most of the plant and machinery is fully depreciated as they have been used for longer than their estimated useful lives.

Assembling

Once the parts has been produced by the Group and those which produced by third parties, it will undergo three steps which are done manually before the medical devices is produced. The manual process involves the following steps: (i) the parts produced by third parties is first tested by the production team for its quality including but not limited to whether there are any size or colour variation; (ii) inserting the parts to the shell of the medical devices (the shapes of which are specified by the customers) based on the prototypes; and lastly (iii) after assembling, the production team will undergo testing on the medical devices before they are being pack.

5. *Quality Control*

As mentioned above, the Group place considerable emphasis on the consistent quality of the products. The Group have implemented quality assurance measures at different production stages to ensure the product quality. In general, the customers would take the responsibility to understand the safety standards of the countries which they would further sell to and communicate with the sales team clearly about the details of the relevant product and product safety requirements that have to be achieved. According to the agreed terms between the Group and the customers, the Group only has the responsibility to ensure the product is able to meet the requirements requested by the customers.

6. *Packaging*

The products will be packaged by third parties according to the designs provided and agreed by the customers. The packaging materials are provided by the customers and delivered to the warehouse. The service provider assigned by the customers will then package the products and arrange for delivery.

7. *Delivery*

The Group are only responsible for the delivery up to the designated location agreed by the customers. The Group outsource the delivery of products to third party logistics providers who are mainly responsible to transport the products from the warehouse to the locations designated by the customers. These outsourcing arrangements allow us to minimise the Group's capital investment. The Group do not take out insurance policy to cover the risks associated with shipping transportation because the Group are not responsible for any damage or loss of the products during the shipment to the customers.

Customers

The following table sets forth for the year ended 31 December 2023, the breakdown of revenue generated by the major customers in the Medical Products Business:

	HK$'000
Customer A	10,130
Customer B	8,268
Others	3,540
Total revenue for Medical Products Business	21,938

Customer A engaged in the e-commerce business, information technology consultation, sales of products (including but not limited to prepaid cards, electronic devices) in the PRC.

Customer B engaged in the retail business in the PRC.

Prospect of the Medical Products Business

According to the survey published by International Diabetes Federation (the "IDF") in 2021, 10.5% of the adult population (20-79 years) has diabetes, with almost half unaware that they are living with the condition. By 2045, IDF projections show that 1 in 8 adults, approximately 783 million, will be living with diabetes, an increase of 46%. IDF also report that they estimate there are approximately 140 million people in the PRC has diabetes in 2021. As such, the Board believe that the market demand of lancet piping parts and devices remain stable. Due to the keen competition in the industry, in terms of the selling prices, quality and also the credit terms offer by competitors, the Group should continue to focus on the medical product development on the quality and increase the products and service portfolio which in turn to increase the revenue stream of the Medical Products Business. To be more competitive in the industry, the Board should consider to expand the service team and upgrade the equipment and moulding to enhance the quality of the products. However, as the COVID-19 pandemic passes, the Board considered that the revenue to be generated from epidemic prevention related products and solutions would decrease in coming years.

Plastic Products

The revenue from the Plastic Products decreased by 45.5% or HK$0.5 million to HK$0.6 million, as compared to HK$1.1 million in the previous year, which accounted for 1.8% of the Group's total revenue for the year under review. A majority of plastic moulding products have suffered from declined sales orders as relevant customers' end products have reached the end of their product life cycle, causing continuous decline in revenue of the Plastic Products during the year under review. In view of this, the Group has ceased the production of the majority of those products which contributed a relatively low gross profit margin, and has only been accepting small number of production orders of mould fabrication and some products, which have a relatively higher gross profit margin.

Segment results of the Plastic Products suffered a loss of approximately HK$829,000 in 2023 which increased by HK$41,000, as compared to loss of approximately HK$788,000 for the corresponding year of 2022.

Building Contract Works Business

For the year ended 31 December 2023, the Building Contract Works Business generated by ACE Engineering Limited ("ACE Engineering"), a wholly-owned subsidiary of the Company, did not generate any revenue, representing a decrease of HK$2.7 million or 100% as compared to HK$2.7 million for the corresponding year of 2022, which contributed 0% of the Group's total revenue for the year under review. The decrease in revenue was primarily due to decrease in awards of projects in private sectors, under the more stringent and competitive market environment of the building construction and maintenance industry caused by slower growth of the industry. The segment result of a loss of HK$1.0 million for the year ended 31 December 2023, as compared to the segment gain of HK$0.042 million for the corresponding year of 2022, primarily as a result of decrease in turnover and the subsidiary is no longer a registered contractor in several government/public organisations.

During the year ended 31 December 2023, ACE Engineering suspended the operation. ACE Engineering is a registered contractor in several government/public organisations and only registered contractors are eligible to obtain contracts from these government bodies, the contractor registrations was not able to renewal during the year ended 31 December 2023, therefore the operations had been suspended. The directors of the Company are in view that the building contract works business had been abandoned and discontinued at the beginning of the reportable period.

Money Lending

For the year ended 31 December 2023, the Group recorded loan interest income of HK$11.8 million from its Money Lending, representing an increase of HK$0.9 million or 8.3% as compared to HK$10.9 million for the previous year, which accounted for 34.3% of the Group's total revenue for the year under review. Segment profit of the Money Lending amounted to HK$14.7 million (2022: loss of HK$39.1 million). The Group will continue to develop this business by employing prudent credit control procedures and strategies to hold a balance between the business growth and the risk management.

The Group's money lending business is operated by an indirect wholly-owned subsidiary of the Company, JS Finance Limited ("JS Finance") which is a licensed money lender in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group earns interest income through providing loans to customers, including individuals, private and listed companies by using internal resources of the Group. Customers are usually from referrals from the business network and connections of the Group, including but not limited to customers and suppliers. Before granting loans to potential customers, the Group performs credit assessment process to assess the potential borrowers' credit quality individually and defines the credit limits granted to the borrowers. The credit assessment process encompasses detailed assessment on the credit history, i.e. any bankruptcy record, and financial background of the borrowers, such as the repayment ability as well as the value and characteristics of the collaterals to be pledged, if any. Collaterals are required if the result of the credit assessment of the potential borrowers is not satisfactory. The credit limit of loans successfully granted to the borrowers will be subject to regular credit review by the management as part of the ongoing loan monitoring process. The day-to-day operation of the money lending business is mainly handled by the director of JS Finance, while all loan applications are subject to final review and approval by the Board.

Under the ongoing economic impacts of COVID-19, in order to lower default ratio of the loan borrowing, JS Finance has reviewed and flexibly adjusted the business strategies, which is to enhance the requirements of the loan granted to the borrowers. For example, the borrowers have to provide the asset proof or income proof to prove they have the ability to repay the loan. As the requirements of the loan granted to the borrowers are higher and the risk for the loan borrowings are lower, the related interest rate will become lower.

Due to difficulties in repayment by customers caused by the economic impacts of COVID-19, there was a reversal of impairment losses arising from expected credit losses and write-off on loan and interest receivables in the amount of approximately HK$5.5 million (2022: impairment losses recognised of approximately HK$47.4 million) and approximately HK$Nil million (2022: HK$Nil million) respectively for the year ended 31 December 2023. Despite such difficulties, the Group will continue putting efforts in the collection procedure of loan receivables. The impairment losses recognised for the year ended 31 December 2023 is the sum of the impairment losses from impairment assessment on principal and interest calculated by independent professional valuer, which considered several factors including but not limited to (1) probability of default; (2) loss given default; and (3) forward looking factor.

During the year ended 31 December 2023, the Group received 71 applications for loan renewals, all of which were successfully approved and renewed. Among the successful renewed loans, all of it had been expired during the year and the borrower had expressed its intention to renew the loan. Based on this, the management of the Group had gone through the credit assessment procedures before entering into of the loan renewal agreement.

For the loan portfolio as at 31 December 2023, the principal amount of the loans ranged from approximately HK$0.1 million to HK$10.0 million with interest rates ranging from 4.0% to 12.0% per annum and mature within 1 year. During the year ended 31 December 2023, the loan portfolio has 68 borrowers, which comprised of 66 individual customers and 2 corporate customers, and all of the Group's net loan and interest receivables were unsecured. As at 31 December 2023, the net amount of loan and interest receivables due from the largest borrower was approximately HK$4.1 million, being approximately 5.0% to the net loan and interest receivables of the Group. The net amount of loan and interest receivables due from the five largest borrowers (in aggregation with loans granted to persons connected with each other (if any)) was approximately 23.5% of the net loan and interest receivables of the Group. The five largest borrowers were individuals, all of which were third parties independent of the Company and its connected persons (as defined in the Listing Rules). Further details of the loan and interest receivables are set out in the consolidated financial statements in the Annual Report.

All loans and loan agreements under the Group's money lending business have been granted and approved in accordance with the Money Lending Guidelines ("Guidelines") and the Money Lending Procedure Manual ("Procedure Manual") of JS Finance. The Guidelines provide the policies to be observed by JS Finance for its money lending business, and set out the objective for the money lending business is to earn interest income to generate profits for JS Finance whilst avoiding incurrence of bad debts. The Guidelines also provide references or specific requirements for setting of interest rates of the loan, the tenure of the loan and the credit assessment and approval process of each loan. Each loan application will be considered and approved by the Board on a case by case basis. The Board will usually take into account of the applicant's creditability, reputation, financial status, the value of the security (if any), the applicant's past repayment record with JS Finance, and the proposed tenure, principal amount and interest rate of the loan to consider whether a loan application will be approved and whether a security/guarantee is needed or adequate for a loan.

The Procedure Manual provides the procedures to be observed by JS Finance for granting and thereafter monitoring the repayment of the loans. In brief, the intending borrower first fills in an application form or the intending borrower communicates in person with the officer of JS Finance. The officer will then collect documents from the intending borrower for client identification and verification, and has to confirm/enquire if the borrower is a connected person of the Group (as defined in the Listing Rules). The application form will then be reviewed and/or approved by any one director of JS Finance. The senior management will draft the loan documents in accordance with the terms specified in the approved application form. The responsible officer of the loan application will prepare the Memorandum for Credit Analysis ("Memorandum") which contains the proposed terms of the loan application, the background information of the borrower and the analysis of the credit risks and security. The draft loan documents together with the Memorandum will be passed to the Board for final approval. Based on the information in the Memorandum, the Board makes a conclusion on the credit risk assessment of the customer. Once the loan is approved and granted, the responsible officer has to perform ongoing monitoring review of the loan at least yearly or in a more frequent manner depending on individual circumstances, i.e. whether repayment on time, or market condition, i.e. change in economic conditions, and to report the status of the loan repayment monthly and immediately report to the Directors if any default repayment is noted.

For secured loan, during the loan monitoring process, where the responsible officer notice that the value of the collateral is considered to be insufficient to cover its risk exposure or that the actual loan-to-value ratio with respect to any loan advanced has reached or exceed an accepted ratio, JS Finance may require the borrower to deposit additional collateral and/or security, partially repay the outstanding loan or realise the value of the collateral in order to bring the loan-to-value ratio back to an accepted level.

For unsecured loan, the responsible officer should conduct annual review or in a more frequent manner depending on individual circumstances or market condition and to report the status of the loan repayment monthly and immediately report to the Directors if any default repayment is noted on each loan which remains outstanding and if the responsible officer notice that there is a material deterioration, in the client's financial position i.e. failure to make the repayment on time, JS Finance may require repayment from its client after reporting to its management who monitor the risk level.

The Directors became aware that the balances were not collectible when (i) they were notified by the responsible officer of JS Finance who was under a duty to report to the Directors whenever there was any default repayment of a loan; and (ii) reviewing the results of the assessment of the credit risk of accounts and loan and interest receivables; the Group has a policy for assessing the credit risk of accounts and loan and interest receivables, and the assessment was based on a close monitoring and evaluation of collectability and on management's judgement, including the ageing analysis of receivables, the current creditworthiness, account executives concentration analysis, collateral distribution and concentration analysis and the past collection history of each client, etc.

Generally, if the debt is overdue for 3 months, JS Finance will issue reminder letter to the customer and if the debt is overdue for more than 6 months, JS Finance will consider to take legal action, if necessary.

The money lending business is governed by the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and JS Finance have fully complied with the applicable laws and regulations.

Securities Investment

During the year under review, the Group recorded realised and unrealised loss of approximately HK$8.5 million (2022: loss of HK$4.6 million) arising on change in fair value of held-for-trading investments of listed equity securities in Hong Kong for the year ended 31 December 2023. No dividend income was received from the held-for-trading investments during the year under review (2022: nil). Segment loss of the Securities Investment amounted to HK$8.8 million (2022: loss of HK$4.6 million).

As at 31 December 2023, the Group held 25 listed equity securities in Hong Kong with the fair value of HK$45.5 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 investment, in terms of fair value as at 31 December 2023, are as follows:

	% of shareholding as at 31 December 2023	Fair value loss for the year ended 31 December 2023 *HK$'000*	Fair value as at 31 December 2023 *HK$'000*	% of total assets of the Group as at 31 December 2023
Securities listed in Hong Kong				
WLS Holdings Limited ("WLS") (8021) *(Note (a) and (b))*	1.4%	6,178	7,296	4.3%

Notes:

(a) WLS is principally engaged in the provision of scaffolding and fitting out services and other services for construction and buildings work, provision of gondolas, parapet railings and access equipment installation and maintenance services, money lending business, securities investment business and assets management business. As disclosed in the interim report of WLS for the six months ended 31 October 2023, it recorded unaudited net loss from continuing operations attributable to its owners of HK$11.7 million for the six months ended 31 October 2023. With regards to the future prospects of WLS, the Directors noted that WLS remains cautiously optimistic about overall prospects for its scaffolding sector. WLS will continue to promote the use of the "Pik Lik" brand scaffolding system to help improve overall efficiency while boosting the revenue and market share of its scaffolding services division. WLS will also continue to focus on those business segments that generate higher profit margins and show ample growth potential such as money lending operations. In the meantime, WLS will strictly adhere to its cost control policy, and swiftly adjust business strategies to its scaffolding business in response to ever-changing market dynamics in order to generate better financial returns for its shareholders.

(b) The Group's investment strategy is to deliver a diversified and flexible investment portfolio that will maximize sustained long-term returns and strive to achieve high growth, while the traditional business of the Group will continue its stable growth.

The Group's total investment in WLS was approximately HK$45.5 million. As at 31 December 2023, the Group owned 197,200,000 shares of WLS, representing 1.4% equity interests in WLS with a carrying amount of the Group's interest in WLS of approximately HK$7.3 million, representing approximately 4.3% of the total assets of the Company as at 31 December 2023. Up to 31 December 2023, no dividends was received from WLS. The fair value of WLS is based on quoted market prices.

(c) Save as disclosed above, none of these investments represented more than 5% of the total assets of the Group as at 31 December 2023.

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

Facing elevated challenges as we step into the year 2024 with the recovery of the economy as well as the highly volatile financial market in Hong Kong and globally, the Group will persist to build on its diversified business portfolio and focus its steps to formulate, evaluate and modify business strategies of our existing businesses in order to facilitate and motivate their business development and stabilise any downturn impact. To cope with the business development of the business segments, the Group will strive to deploy effective and sufficient capital and resources allocation in respect of the different business segments, and actively reallocate its assets, funding and labour force in response to the changing market and industry conditions and business results. The Group will conduct constant and dynamic performance appraisals and assessment to evaluate the ongoing business development. The Group will also concentrate on maintaining liquidity by effectively managing working capital and controlling costs, and leveraging operation efficiency by adhering to its lean organisation structure, in light of any difficulties which may be encountered under the uncertainties in the economy and financial market.

Alongside with the continuing evolution and modification of business strategies to develop our existing businesses, the Group will continue to seek optimisation of its business portfolio by adjusting it to adapt to the changing business climate, trend and environment, and at the same time proactively exploring and exploiting every potentially profitable business and investment opportunity as well as new growth potentials, with the ultimate goal of developing its business to generate and maximise shareholders' value and return and maintain sustainable growth and prosperity.

FINANCIAL REVIEW

Capital structure

As at 31 December 2023, the Group's consolidated net assets was HK$61.4 million, representing an increase of HK$42.8 million as compared to that of HK$18.6 million as at 31 December 2022.

On 1 February 2023, the Company completed to issue and allotted 483,775,896 at a subscription price of HK$0.10 per share by way of rights issue (the "Rights Issue") to the qualifying shareholder of the Company on the basis of one rights share for every one share held on 30 December 2022. The gross proceeds of approximate HK$48,378,000 will be intended to repay the bond payables and for general working capital. For details, please refer to the Company's announcement dated 11 October 2022 and the circular of the Company dated 10 November 2022.

As at 31 December 2023, the Company has 967,551,792 ordinary shares of HK$0.05 each in issue.

Use of proceeds

The net proceeds received in the Rights Issue was approximately HK$47.6 million. Up to 31 December 2023, (i) approximately HK$33.4 million of the net proceeds was used for repayment of the bond payables; (ii) approximately HK$1.6 million of the net proceeds was used for the payment of bond interest; (iii) approximately HK$12.6 million of the net proceeds was used for payment of salaries and director remunerations and also general working capital of the business. All the net proceeds was used as intended as at 31 December 2023.

Debt structure

As at 31 December 2023 and 2022, the Group's total borrowings from financial institutions were zero. The Group's total cash and bank balances amounted to HK$7.7 million as at 31 December 2023, which increased HK$4.0 million as compared to that of HK$3.7 million as at 31 December 2022.

As at 31 December 2023, the Company had bond payables of HK$30.9 million which represented unlisted bonds issued to independent third parties.

The Group's gearing ratio was 37.8% as at 31 December 2023 (31 December 2022: 277.1%). The ratio was determined by net debt, which was defined as total interest-bearing liabilities comprising bond payables, financial liabilities at FVTPL and lease liabilities less cash and cash equivalents, over shareholders' equity.

Working capital and liquidity

As at 31 December 2023, the Group's current ratio was 2.2 (31 December 2022: 1.7).

Contingent liabilities and charges

As at 31 December 2023 and 2022, the Group had not pledged any assets to secure bank facilities and other borrowings. The Group had no material contingent liabilities as at 31 December 2023 and 2022.

Foreign currency exposure

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group's employees number was 30 (31 December 2022: 30). 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.

SHARE OPTIONS

Share Option Scheme

The share option scheme of the Company (the "Share Option Scheme") was adopted by the Company on 30 June 2015.

The purpose of the Share Option Scheme is to enable the Group to grant share options to the eligible participants as incentives or rewards for their contributions to the Group. The eligible participants ("Eligible Participants") to whom the Directors may in their discretion make an offer for grant of share options pursuant to the Share Option Scheme belong to the following classes of participants.

(1) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any subsidiary of the Company or any entity in which any member of the Group holds any equity interest ("Invested Entity");

(2) any non-executive directors (including independent non-executive directors) of the Company, any subsidiary of the Company or any Invested Entity;

(3) any supplier of goods or services to any member of the Group or any Invested Entity;

(4) any customer of any member of the Group or any Invested Entity;

(5) any person or entity that provides research, development or other technical support to any member of the Group or any Invested Entity;

(6) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(7) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity;

(8) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group; and

(9) any company wholly owned by one or more Eligible Participants.

As at 31 December 2023, the total number of shares available for issue under share options granted under the Share Option Scheme was 85,600,000. Movement of share options during the year ended 31 December 2023 as below:

	Date of grant	Exercise price *HK$*	Exercise period	Vesting period	Outstanding at 1 January 2023	Granted during the year	Exercised during the year	Lapsed/ Forfeited during the year	Outstanding at 31 December 2023
Directors									
Jia Minghui	4 May 2020	0.435	From 4 May 2020 to 3 May 2025	No	3,724,000	–	–	–	3,724,000
Zhang Hengxin	4 May 2020	0.435	From 4 May 2020 to 3 May 2025	No	3,724,000	–	–	–	3,724,000
Au Yeung Ming Yin Gordon	4 May 2020	0.435	From 4 May 2020 to 3 May 2025	No	3,724,000	–	–	–	3,724,000
Employees	4 May 2020	0.435	From 4 May 2020 to 3 May 2025	No	26,068,000	–	–	–	26,068,000
	21 April 2022	0.373	From 21 April 2022 to 20 April 2027	No	48,360,000	–	–	–	48,360,000
					85,600,000	–	–	–	85,600,000

FINAL DIVIDEND

No payment of dividends has been proposed by the Board in respect of the year ended 31 December 2023 (2022: Nil).

EVENTS AFTER THE REPORTING PERIOD

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

CORPORATE GOVERNANCE PRACTICES

The board of Directors (the "Board") has always recognised the importance of shareholders' accountability and transparency and is committed to maintaining high standards of corporate governance. The Company has complied with all code provisions of the Corporate Governance Code ("CG Code") throughout the year ended 31 December 2023 as set out in Appendix 14 to 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.

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 2023.

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

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

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Au Yeung Ming Yin Gordon (Chairman), Ms. Ye Mengmei and Mr. Guo Zhenhui. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including the review of the audited results for the year ended 31 December 2023.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The financial figures in respect of Group's consolidated statements of financial position, consolidated statement of profit or loss, consolidated statement of profit loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023, as set out in the preliminary announcement have been compared by the Group's auditors, Privatco CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by Privatco CPA Limited in this respect did not constitute an audit, review or other 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 the auditors.

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
JIA Minghui
Chairman

Hong Kong, 28 March 2024

As at the date of this announcement, Mr. Zhang Hengxin and Mr. Jia Minghui are the Executive Directors; and Ms. Ye Mengmei, Mr. Au Yeung Ming Yin Gordon and Mr. Guo Zhenhui are the Independent Non-executive Directors.