



联合控股

— HK.08366 —

# Zhejiang United Investment Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Formerly known as Fraser Holdings Limited)

STOCK CODE : 8366

Interim Report

2017



## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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*This report, for which the directors (the “**Director(s)**”) of Zhejiang United Investment Holdings Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

# CONTENTS

	<b>Pages</b>
Financial Highlights	<b>3</b>
Management Discussion and Analysis	<b>4</b>
Disclosure of Interests	<b>12</b>
Other Information	<b>14</b>
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)	<b>18</b>
Condensed Consolidated Statement of Financial Position	<b>19</b>
Condensed Consolidated Statement of Changes in Equity (Unaudited)	<b>21</b>
Condensed Consolidated Statement of Cash Flows (Unaudited)	<b>22</b>
Notes to the Consolidated Financial Statements	<b>23</b>

## FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK\$44.9 million for the six months ended 31 October 2017 (the “**Reporting Period**”) (six months ended 31 October 2016: approximately HK\$64.6 million), representing a decrease of approximately 30.5% as compared with the corresponding period of last year.
- Loss attributable to the owners of the Company for six months ended 31 October 2017 amounted to approximately of HK\$1.7 million (six months ended 31 October 2016: a profit of approximately HK\$4.2 million).
- Basic loss per share amounted to approximately of HK\$0.12 cents for the six months ended 31 October 2017 (six months ended 31 October 2016: earnings per share of approximately HK\$0.29 cents).
- The Board does not recommend the payment of interim dividend for the six months ended 31 October 2017 (six months ended 31 October 2016: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

The Group is a contractor principally engaged in undertaking slope works, foundation works and other general building works in Hong Kong. Slope works generally refer to landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls. Foundation works are generally concerned with the construction of foundations. General building works mainly include the general construction of buildings. Fraser Construction Company Limited, our principal operating subsidiary, is an approved specialist contractor included in the List of Approved Specialist Contractors for Public Works maintained by the Development Bureau of the Government under the categories of “Landslip Preventive/Remedial Works to Slopes/Retaining Walls” with a confirmed status and “Land Piling (Group II)”. Being on such list is a prerequisite for tendering for public sector projects in the relevant works categories. In addition, Fraser Construction Company Limited is registered under the Buildings Ordinance as a (i) Registered Specialist Contractor under the sub-register of “Site Formation Works” and “Foundation Works” categories; and (ii) Registered General Building Contractor.

Hong Kong construction companies are facing tougher competitive condition, as well as the slower progress of scrutinising the funding proposals for public works projects by the Finance Committee and the Public Works Subcommittee due to political and social chaos in Hong Kong. The Group has also been facing challenging operating environment resulting from increasing costs of operation including, in particular, costs of construction labours and subcontracting charges. As such, the Directors consider that competition in the market has become more intense recently.

Nevertheless, we believe that the Hong Kong Government’s continuing increase in major construction and infrastructure projects in Hong Kong will increase the demand for slope works because of the continued implementation of the “Ten Major Infrastructure Projects” and the fact that slope works are directly related to public safety. The Hong Kong Observatory has predicted a higher than average rainfall for the coming year, which increases the risk of landslides and the Hong Kong Government forecasted a higher financial provision for conducting major mitigation measures to reduce the landslide risk at slopes. All in all, the Directors remain cautiously optimistic about the slope works industry in Hong Kong.

In order to diversify and strengthen the business base of the Group, the Group is also seeking for suitable opportunities (includes acquisitions or cooperation opportunities) for developing construction, building and related business in Mainland China.

## FINANCIAL REVIEW

### Revenue

The Group's overall revenue decreased by approximately HK\$19.7 million or approximately 30.5% from approximately HK\$64.6 million for the six months ended 31 October 2016 to approximately HK\$44.9 million for the six months ended 31 October 2017. The decrease in revenue derived from the slope works as a result of competition faced by the Group in obtaining new business and the completion of some government slop works projects.

The Board regards the Group's business of construction as a single operating segment and reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented. No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong. The Group's principal operating activities during the six months ended 31 October 2017 are as follows:

Slope works: Undertaking landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls. Revenue from undertaking slope works decreased from approximately HK\$57.7 million for the six months ended 31 October 2016 to approximately HK\$41.6 million for the six months ended 31 October 2017, representing a decrease of approximately 28%. The decrease in revenue was primarily attributable to a lower amount of revenue from slope works projects of Civil Engineering and Development Department ("CEDD") for the six months ended 31 October 2017, which was due to the completion of the work scheduled under some of the Group's slope work projects and less work orders were received from its slope work projects.

Foundation works: Undertaking works in relation to the construction of foundations for general building construction. Revenue from undertaking foundation works decreased from approximately HK\$6.8 million for the six months ended 31 October 2016 to approximately HK\$3.3 million for the six months ended 31 October 2017, as a result of the decrease in the contract size of foundation project undertaken by the Group during the six months ended 31 October 2017.

General building works: Undertaking general construction of buildings. Revenue from undertaking general building works decreased from approximately HK\$0.2 million for the six months ended 31 October 2016 to HK\$nil for the six months ended 31 October 2017, representing a decrease of approximately 100%, as there was no general building works services provided by the Group for the six months ended 31 October 2017.

### **Gross Profit and Gross Profit Margin**

The Group's gross profit decreased by approximately HK\$1.8 million or approximately 34.0% from approximately HK\$5.3 million for the six months ended 31 October 2016 to approximately HK\$3.5 million for the six months ended 31 October 2017 and the Group's gross profit margin decreased from approximately 8.13% for the six months ended 31 October 2016 to approximately 7.77% for the six months ended 31 October 2017. The decrease in gross profit margin for the Group's business as a result of an increase in the overall construction costs in Hong Kong.

The Group's cost of services rendered decreased by approximately HK\$18.0 million or approximately 30.3% from approximately HK\$59.4 million for the six months ended 31 October 2016 to approximately HK\$41.4 million for the six months ended 31 October 2017. Such decrease was mainly attributable to the decrease in amount of works performed resulting in the decrease in our subcontracting charges.

**Other Income**

The Group's other income decreased by approximately HK\$2.4 million or approximately 96% from approximately HK\$2.5 million for the six months ended 31 October 2016 to approximately HK\$0.1 million for the six months ended 31 October 2017. The decrease in the Group's other income was mainly due to the non-recurring of gain on disposal of property, plant and equipment and interest income of approximately HK\$2.5 million which was recorded during the six months ended 31 October 2016 (six months ended 31 October 2017: HK\$64,000).

**Administrative Expenses**

The Group's administrative expenses increased by approximately HK\$2.3 million or approximately 88.5% from approximately HK\$2.6 million for the six months ended 31 October 2016 to approximately HK\$4.9 million for the six months ended 31 October 2017. The increase in the Group's administrative expenses was primarily due to the one-off expenses in relation to general offer of approximately HK\$1.1 million incurred during the six months ended 31 October 2017.

**Net (Loss) Profit**

Loss attributable to owners for the six months ended 31 October 2017 was approximately HK\$1.7 million as compared to profit attributable to owners of approximately HK\$4.2 million for the six months ended 31 October 2016. The turnaround from profit to loss for 2017 was mainly due to the decrease in revenue, gross profit, other income and increase in administrative expenses for the six months ended 31 October 2017 as discussed above.

## LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

### Capital structure

The shares of the Company were successfully listed on the GEM on 2 November 2015. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 October 2017, the total equity amounted to approximately HK\$82 million (30 April 2017: approximately HK\$84 million).

### Cash position

As at 31 October 2017, the cash at banks and in hand of the Group amounted to approximately HK\$90.8 million (as at 30 April 2017: approximately HK\$67.0 million), representing an increase of approximately HK\$23.8 million as compared to that as at 30 April 2017.

### Charges over Assets of the Group

As at 31 October 2017, the Group has total present value of minimum lease payments in relation to finance lease, which are secured by the relevant leased office equipment amounting to approximately HK\$61,000 (as at 30 April 2017: HK\$73,000).

Save for the above, the Group did not have any charges over assets of the Group.

### Gearing ratio

As at 31 October 2017, the gearing ratio of the Group was approximately 0.1% (as at 30 April 2017: approximately 0.1%). The gearing ratio is calculated as total borrowings divided by the total equity as the respective reporting date. Total borrowings includes obligations under finance leases.

The Group's gearing ratio remained at a relatively low level as the Group did not place material reliance on borrowings to finance the Group's operation.

## **Capital Commitments**

As at 31 October 2017, the Group had no material capital commitments (as at 30 April 2017: nil).

## **Foreign Exchange Risk**

The Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollar and US dollars. During the six months ended 31 October 2017, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies.

The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the six months ended 31 October 2017.

## **Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies**

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 31 October 2017.

## **Contingent Liabilities**

As at 31 October 2017, the Group had no material contingent liabilities (as at 30 April 2017: nil).

## **Employees and Remuneration Policy**

The Group had 46 employees (including executive Directors) as at 31 October 2017 (as at 30 April 2017: 56 employees). Remuneration is determined with reference to market terms and the performance, qualifications and experience of the individual employee. Remuneration includes monthly salaries, performance linked bonuses, retirement benefits schemes and other allowance and benefits.

## Comparison of Business Objectives with Actual Business Progress

	Business objectives as stated in the Prospectus	Actual business progress up to 31 October 2017
Further developing our business by undertaking more projects	<p>Submit more tenders for both public sector projects and private sector projects with a primary focus on slop work when suitable opportunities arise.</p> <p>Undertake more projects should the Company be able to identify and secure suitable business opportunities, with HK\$21.32 million earmarked for this period for satisfying the various working capital requirements as discussed in the section headed “Business — Business strategies — 1. Further developing our business by undertaking more projects” in the prospectus dated 23 October 2015 in relation to our projects on hand from time to time including those that may potentially be awarded to us in view of our plan to increase our number of tender submissions.</p>	<p>The Group is in the progress of identifying suitable business opportunities with potential customers and the Group has undertaken certain new construction projects during the six months ended 31 October 2017 to satisfy the working capital requirement.</p>
Further strengthening our manpower	<p>Recruit one additional technical assistant, one additional accountant, seven additional project management and supervision and site supporting employees and two addition safety officer to cope with our business development and our plan to undertake more projects.</p> <p>Continue to provide training to our existing and newly recruited staff.</p>	<p>The Group has employed additional staff to cope with the new undertaking projects and continue to sponsor staff to attend seminars and training courses.</p>

### Use of Proceeds from the Placing

The net proceeds from the listing will be utilised subsequent to the listing in accordance with the proposed applications set out in the section “Future Plans and Use of Proceeds” of the Prospectus. The below table sets out the proposed applications of the net proceeds and usage up to the date of this report:

	Planned use of proceeds as stated in the Prospectus up to 31 October 2017 HK\$'million	Actual use of proceeds up to 31 October 2017 HK\$'million
Satisfying various working capital requirements in relation to undertaking more projects	21.32	17.89
Further strengthening our manpower	<u>3.84</u>	<u>2.84</u>
	<u>25.16</u>	<u>20.73</u>

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

## DISCLOSURE OF INTERESTS

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 October 2017, the interests and short positions of the Directors and chief executive of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as to the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### (i) Long position in the Company's Shares

Name of Director	Capacity/Nature	Number of shares held/ interested	Approximate Percentage of shareholding
Mr. Zhou Ying	Interest of a controlled corporation (Note 1)	1,080,000,000	75%

Note:

Mr. Zhou Ying beneficially owns the entire issued share capital of Century Investment Holdings Limited, which wholly owns the shares in United Financial Holdings Group Limited. Therefore, Mr. Zhou Ying is deemed or taken to be interested in all the shares of the Company held by United Financial Holdings Group Limited for the purpose of the SFO.

**(ii) Long position in the shares of associated corporations**

Name of Director	Name of associated Corporation	Capacity/Nature	Number of shares Held/ interested	Percentage of shareholding
Mr. Zhou Ying	United Financial Holdings Group Limited	Beneficial owner	1,000,000	100%
	Century Investment Holdings Limited	Interest of a controlled corporation	1	100%

Note:

Mr. Zhou Ying beneficially owns the entire issued share capital of Century Investment Holdings Limited, which wholly owns the shares in United Financial Holdings Group Limited. Therefore, Mr. Zhou Ying is deemed or taken to be interested in all the shares of the Company held by United Financial Holdings Group Limited for the purpose of the SFO.

### **SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 31 October 2017, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO:

Name	Capacity/nature	Number of shares held/ interested	Approximate Percentage of shareholding
United Financial Holdings Group Limited	Beneficial owner	1,080,000,000	75%
Century Investment Holdings Limited	Interest of a controlled corporation	1,080,000,000	75%

## OTHER INFORMATION

### DISCLOSURE OF CHANGES IN INFORMATION OF DIRECTOR

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, changes in Directors' information since the date of the Annual Report 2017 are set out below:

With effect from 26 July 2017,

1. Mr. Zhou Ying has been appointed as an executive Director, the chairman of the Board, the chairman of the nomination committee, the chief executive officer and the authorised representative of the Company;
2. Ms. Meng Ying has been appointed as an executive Director and the compliance officer of the Company;
3. Mr. Zheng Xuchen has been appointed as an independent non-executive Director and a member of the audit, remuneration, nomination and legal compliance committee of the Company;
4. Mr. Wong Man Hin Raymond ("**Mr. Raymond Wong**") has been appointed as an independent non-executive Director and the chairman of the audit committee, a member of nomination, remuneration and legal compliance committee of the Company;
5. Mr. Tang Yiu Wing ("**Mr. Tang**") has been appointed as an independent non-executive Director, the chairman of the remuneration and legal compliance committee, a member of audit committee of the Company;
6. Mr. Yu Shek Man Ringo has resigned as an executive Director, the chairman, the chief executive officer, a member of the remuneration committee and the authorised representative. He remains as the director in the Operating Subsidiaries;
7. Ms. Wong So Wah has resigned as an executive Director, the authorised representative and the compliance officer of the Company. She remains as the director in the Operating Subsidiaries;
8. Mr. Cheung Kin Keung Martin has resigned as a non-executive Director;

9. Mr. Law Yiu Sing has resigned as an independent non-executive Director, the chairman of the audit committee and a member of the nomination committee of the Company;
10. Mr. Wong Kwok Chuen has resigned as an independent non-executive Director, the chairman of the nomination committee and a member of the audit and remuneration committee; and
11. Mr. Wong Law Fai has resigned as an independent non-executive Director, the chairman of the remuneration committee and a member of the audit and nomination committee.

For further details, please refer to the Company's announcement dated 26 July 2017.

With effect from 1 October 2017, Mr. Tang has been appointed as an independent non-executive Director and a member of the audit committee, remuneration committee and nomination committee in Universe International Financial Holdings Limited (Stock code: 1046).

With effect from 30 June 2017, Mr. Raymond Wong has been appointed as an independent non-executive Director, chairman of the remuneration committee and a member of the audit committee and nomination committee in Tak Lee Machinery Holdings Limited (Stock code: 8142), a company listed on the GEM Board of the Stock Exchange since 27 July 2017.

### **COMPETING INTERESTS**

None of the Directors, the controlling shareholders and substantial shareholders, neither themselves nor their respective associates (as defined in the GEM Listing Rules) had held any position or had interest in any businesses or companies that were or might be materially competing with the business of the Group, or gave rise to any concern regarding conflict of interests during the six months ended 31 October 2017.

### **COMPLIANCE ADVISOR'S INTERESTS**

As at 31 October 2017, as notified by the Company's compliance advisor, Gram Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 31 July 2017, neither the Compliance Adviser nor its directors, employees or its close associates (as defined under the GEM Listing Rules) had any interests in the securities to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

During the six months ended 31 October 2017 and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

## **CORPORATE GOVERNANCE CODE**

During the six months ended 31 October 2017 and up to the date of this report, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules save for the deviation from code provision A.2.1 explained below.

Since the Company has appointed Mr. Zhou as chairman and chief executive officer, the roles of the chairman and chief executive officer are not separated and performed by two different individuals.

The Board believes that the vesting of the roles of chairman and chief executive officer in Mr. Zhou is beneficial to the business operations and management of Group and will provide a strong and consistent leadership to the Group. In addition, due to the presence of three independent non-executive Directors which represent half of the Board, the Board considers that there is a balance of power and authority such that no one individual has unfettered power of decision. Accordingly, the Company has not segregated the roles of its chairman and chief executive officer as required by code provision A.2.1 of Appendix 15 to the GEM Listing Rules.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Group has adopted a code of provisions of conduct regarding securities transactions by the Directors the ("**Code of Conduct**") on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the six months ended 31 October 2017 and up to the date of this report.

## **DIVIDENDS**

The Board did not recommend any payment of dividend for the six months ended 31 October 2017 (six months ended 31 October 2016: nil).

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme on 15 October 2015 (the “**Scheme**”). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 October 2017.

## **AUDIT COMMITTEE**

The Company established the Audit Committee on 14 October 2015 with written terms of reference in compliance with the GEM Listing Rules which are available on the websites of the Stock Exchange and the Company. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Zheng Xuchen, Mr. Wong Man Hin, Raymond and Mr. Tang Yiu Wing. The chairman of the Audit Committee is Mr. Wong Man Hin, Raymond, who has appropriate professional qualifications and experience in accounting matters.

The Audit Committee had reviewed the unaudited condensed consolidated results of the Group for the six months ended 31 October 2017 with the management and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board  
**Zhejiang United Investment Holdings Group  
Limited**  
**Zhou Ying**  
*Chairman*

Hong Kong, 8 December 2017

The board (the “**Board**”) of Directors of the Company is pleased to present the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the three months and six months ended 31 October 2017 together with the comparative figures for the corresponding periods in 2016.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE THREE AND SIX MONTHS ENDED 31 OCTOBER 2017

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2017	2016	2017	2016
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	3	<b>24,725</b>	34,171	<b>44,868</b>	64,642
Direct costs		<b>(22,828)</b>	(31,197)	<b>(41,380)</b>	(59,384)
Gross profit		<b>1,897</b>	2,974	<b>3,488</b>	5,258
Other income	3	<b>82</b>	1,237	<b>115</b>	2,518
Administrative expenses		<b>(2,722)</b>	(1,345)	<b>(4,874)</b>	(2,615)
Finance costs	4	<b>(3)</b>	(3)	<b>(6)</b>	(6)
(Loss) profit before income tax	6	<b>(746)</b>	2,863	<b>(1,277)</b>	5,155
Income tax expense	5	<b>(235)</b>	(546)	<b>(445)</b>	(982)
(Loss) profit for the period		<b>(981)</b>	2,317	<b>(1,722)</b>	4,173
Other comprehensive income for the period, net of tax <i>Items that may be reclassified subsequently to profit loss:</i>					
Fair value (loss)/gain of available-for-sale financial assets		-	(158)	-	702
Total comprehensive (loss) income for the period attributable to the owners of the Company		<b>(981)</b>	2,159	<b>(1,722)</b>	4,875
		<b>HK cents</b>	HK cents	<b>HK cents</b>	HK cents
(Loss) earnings per share — Basic and diluted	8	<b>(0.07)</b>	0.16	<b>(0.12)</b>	0.29

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2017

	Notes	As at 31 October 2017 HK\$'000 (Unaudited)	As at 30 April 2017 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	<u>197</u>	<u>362</u>
<b>Current assets</b>			
Trade and other receivables	10	<b>19,689</b>	31,037
Amounts due from customers on construction contracts	11	<b>11,577</b>	7,979
Tax recoverable		<b>465</b>	2,313
Cash and bank balances		<u><b>90,841</b></u>	<u>67,025</u>
		<u><b>122,572</b></u>	<u>108,354</u>
<b>Current liabilities</b>			
Trade and other payables	12	<b>35,722</b>	17,021
Amounts due to customers on construction contracts	10	<b>5,012</b>	7,291
Obligations under finance leases	13	<b>23</b>	23
Tax payable		<u>–</u>	<u>635</u>
		<u><b>40,757</b></u>	<u>24,970</u>
<b>Net current assets</b>		<u><b>81,815</b></u>	<u>83,384</u>
<b>Total assets less current liabilities</b>		<u><b>82,012</b></u>	<u>83,746</u>

	Notes	As at 31 October 2017 HK\$'000 (Unaudited)	As at 30 April 2017 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Obligations under finance leases	13	<u>38</u>	<u>50</u>
<b>Net assets</b>		<u><b>81,974</b></u>	<u>83,696</u>
<b>Equity</b>			
Share capital	14	<b>14,400</b>	14,400
Reserves		<u><b>67,574</b></u>	<u>69,296</u>
<b>Total equity</b>		<u><b>81,974</b></u>	<u>83,696</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 OCTOBER 2017

	Share capital HK\$'000	Share premium* HK\$'000	Merger reserve* HK\$'000 (Note)	Available-for-sale financial assets investment revaluation reserve* HK\$'000	Retained earnings* HK\$'000	Total HK\$'000
At 1 May 2016	14,400	24,457	18,001	–	22,271	79,129
Available-for-sale						
— Fair value gain credited to equity	–	–	–	702	–	702
Profit and total comprehensive income for the period	–	–	–	–	4,173	4,173
Total comprehensive income	–	–	–	702	4,173	4,875
At 31 October 2016 (unaudited)	14,400	24,457	18,001	702	26,444	84,004
At 1 May 2017	14,400	24,457	18,001	–	26,838	83,696
Loss and total comprehensive income for the period	–	–	–	–	(1,722)	(1,722)
At 31 October 2017 (unaudited)	14,400	24,457	18,001	–	25,116	81,974

\* The total of these balances represents “Reserves” in the condensed consolidated statement of financial position.

Note: Merger reserve represents the difference between the share capital issued by the Company for acquisition of the subsidiaries pursuant to a reorganisation for the listing and the aggregate capital of the subsidiaries being acquired at the time of the reorganisation.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 OCTOBER 2017

	For the six months ended	
	31 October 2017 HK\$'000	2016 HK\$'000
<b>Operating activities</b>		
<i>Net cash generated from/(used in)</i>		
<i>operating activities</i>	<b>23,682</b>	(12,257)
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	<b>140</b>	1,729
Purchase of available-for-sale financial assets	–	(30,346)
Other investing activities	–	14,243
<i>Net cash generated from/(used in)</i>		
<i>investing activities</i>	<b>140</b>	(14,374)
<b>Financing activities</b>		
<i>Net cash used in financing activities</i>	<b>(6)</b>	(12)
Net increase/(decrease) in cash and cash equivalents	<b>23,816</b>	(26,643)
Cash and cash equivalents at beginning of the period	<b>67,025</b>	49,838
Cash and cash equivalents at end of period represented by cash and bank balances	<b>90,841</b>	23,195

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Zhejiang United Investment Holdings Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 20 May 2015 as an exempted company with limited liability. Its parent and ultimate holding company is United Financial Holdings Group Limited, a company incorporated in Hong Kong which holds 75% of issued shares of the Company. United Financial Holdings Group Limited is 100% owned by Century Investment Holdings Limited, a company incorporated in the Cayman Islands and which is wholly owned by Mr. Zhou Ying (collectively referred as the “**Controlling Shareholders**”).

The Company’s registered office is located at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Room 1122, Pacific Link Tower, South Mark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong. The Company is an investment holding company and its subsidiaries (collectively, the “**Group**”) are principally engaged in undertaking slope works, foundation works and other general building works in Hong Kong.

On 5 September 2017, the Company passed the special resolutions by the shareholders at the annual general meeting in relation to change of the English name of the Company from “Fraser Holdings Limited” to “Zhejiang United Investment Holdings Group Limited” and adoption of its dual foreign name in Chinese as “浙江聯合投資控股集團有限公司” have become effective from 6 September 2017.

The financial statements are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 31 October 2017 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules. The accounting policies adopted by the Group are consistent with financial statements for the year ended 30 April 2017.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

## 3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

The Group is principally engaged in undertaking slope works, foundation works and other general building works in Hong Kong.

Breakdown of the Group’s revenue is set out as follows:

	Three months ended		Six months ended	
	31 October		31 October	
	2017	2016	2017	2016
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Contracting revenue	<b>24,725</b>	34,171	<b>44,868</b>	64,642

The chief operating decision-maker has been identified as the Board of Directors of the Company. The Board of Directors regard the Group’s business of construction as a single operating segment and reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented. No separate analysis of segment information by geographical segment is presents as the Group’s revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

### 3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

(CONTINUED)

An analysis of the Group's revenue and contribution to profit from operating activities from undertaking slope works, foundation works and other general building works in Hong Kong in the ordinary course of business during the three months and six months ended 31 October 2017 and 2016 are as follows:

	Three months ended		Six months ended	
	31 October		31 October	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Slope works	<b>23,227</b>	31,720	<b>41,550</b>	57,664
Foundation works	<b>1,498</b>	2,451	<b>3,318</b>	6,778
General building works	<b>-</b>	-	<b>-</b>	200
	<b>24,725</b>	34,171	<b>44,868</b>	64,642

An analysis of other income is as follows:

	Three months ended		Six months ended	
	31 October		31 October	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	<b>63</b>	729	<b>63</b>	1,729
Interest income	<b>1</b>	505	<b>1</b>	754
Sundry income	<b>18</b>	3	<b>51</b>	35
	<b>82</b>	1,237	<b>115</b>	2,518

### 3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

(CONTINUED)

#### Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the total revenue of the Group during the three months and six months ended 31 October 2017 and 2016 are as follows:

	Three months ended		Six months ended	
	31 October		31 October	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer A <sup>1</sup>	N/A <sup>1</sup>	2,451	N/A <sup>1</sup>	6,778
CEDD	13,511	19,823	20,727	37,807
Lands Department	8,409	7,851	15,737	13,738
	<u>21,920</u>	<u>30,125</u>	<u>36,464</u>	<u>58,323</u>

<sup>1</sup> The revenue from this customer amounted to less than 10% of the total revenue of the Group.

### 4. FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended		Six months ended	
	31 October		31 October	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on:				
— obligation under finance leases wholly repayable within 5 years	<u>3</u>	<u>3</u>	<u>6</u>	<u>6</u>

## 5. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	31 October		31 October	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong tax:				
— charge for the period	<b>235</b>	565	<b>445</b>	1,001
— over provision for in prior years	<u>-</u>	<u>(19)</u>	<u>-</u>	<u>(19)</u>
	<b>235</b>	546	<b>445</b>	982

Hong Kong Profits Tax has been provided at the rate of 16.5% (2016: 16.5%) on the Company's estimated assessable profits for the period.

No deferred tax has been provided in the unaudited condensed consolidated interim financial statements as there is no material temporary difference as at the reporting dates.

**6. (LOSS) PROFIT BEFORE INCOME TAX**

(Loss) profit before income tax has been arrived at after charging:

	Three months ended 31 October		Six months ended 31 October	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Staff costs (including directors' emoluments)				
— salaries, allowances and benefits in kind	<b>1,470</b>	893	<b>2,503</b>	2,234
— retirement benefits scheme contributions	<b>30</b>	31	<b>72</b>	76
	<u>1,500</u>	<u>924</u>	<u>2,575</u>	<u>2,310</u>
Total staff costs (including directors' emoluments)				
Depreciation in respect of plant and equipment				
— leased assets	<b>6</b>	5	<b>11</b>	11
— owned assets	<b>33</b>	35	<b>77</b>	70
	<u>39</u>	<u>40</u>	<u>88</u>	<u>81</u>
Operating lease charges:				
— Land and buildings	<b>96</b>	96	<b>192</b>	192
Subcontracting charges (included in direct costs)	<b>22,282</b>	30,632	<b>40,158</b>	57,238

**7. DIVIDEND**

The Directors do not recommend a payment of an interim dividend for the six months ended 31 October 2017 (six months ended 31 October 2016: nil).

## 8. (LOSS)EARNINGS PER SHARE

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

Three months ended		Six months ended	
31 October		31 October	
2017	2016	2017	2016
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

### (Loss) earnings

(Loss) profit for the period attributable to equity holders of the Company for the purpose of basic (loss) earnings per share

<b>(982)</b>	2,317	<b>(1,722)</b>	4,173
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### Number of shares

Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share

<b>1,440,000</b>	1,440,000	<b>1,440,000</b>	1,440,000
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The calculation basis of loss per share for the three and six months ended 31 October 2017 are based on the loss attribute to the owners of the Company.

There were no dilutive potential ordinary shares during both periods and therefore, diluted (loss) earnings per share are not presented.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 October 2017, the Group spent HK\$nil on acquisition of office equipment in Hong Kong (2016: approximately HK\$4,000).

**10. TRADE AND OTHER RECEIVABLES**

The following is an analysis of trade and other receivables at the end of the reporting period:

	As at 31 October 2017 HK\$'000 (Unaudited)	As at 30 April 2017 HK\$'000 (Audited)
Trade receivables	<b>9,456</b>	20,373
Retention receivables	<b>9,030</b>	9,304
Other receivables and prepayments	<b>536</b>	678
Utility and other deposits	<b>667</b>	682
	<b>19,689</b>	31,037

**Trade receivables**

The Group usually provide customers with a credit term of 21–60 days (2016: 21–60 days). For the settlement of trade receivables from provision of services, the Group usually reaches an agreement on the term of each payment with the customer by taking into account of factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management.

**10. TRADE AND OTHER RECEIVABLES (CONTINUED)****Trade receivables (Continued)**

Based on the invoice dates (or date of revenue recognition, if earlier), the ageing analysis of the trade receivables, net of provision for impairment, was as follows:

	As at 31 October 2017 HK\$'000 (Unaudited)	As at 30 April 2017 HK\$'000 (Audited)
0–30 days	<b>9,263</b>	20,311
31–60 days	–	11
61–90 days	<b>193</b>	16
Over 90 days	–	35
	<b>9,456</b>	20,373

At each reporting date, the Group reviewed trade receivables for evidence of impairment on both an individual and collective basis. Based on this assessment, no impairment has been recognised.

## 11. AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONSTRUCTION CONTRACTS

	As at 31 October 2017 HK\$'000 (Unaudited)	As at 30 April 2017 HK\$'000 (Audited)
Contracts in progress at the end of the reporting periods:		
Contract costs incurred plus recognised profits less recognised losses	<b>625,552</b>	576,624
Less: progress billings	<b>(618,987)</b>	(575,936)
	<hr/> <b>6,565</b>	<hr/> 688
Contract work-in-progress		
Analysed for reporting purposes as:		
Amounts due from customers on construction contracts	<b>11,577</b>	7,979
Amounts due to customers on construction contracts	<b>(5,012)</b>	(7,291)
	<hr/> <b>6,565</b>	<hr/> 688

The gross amounts due from/(to) customers on construction contracts are expected to be recovered/settled within one year.

## 12. TRADE AND OTHER PAYABLES

	As at 31 October 2017 HK\$'000 (Unaudited)	As at 30 April 2017 HK\$'000 (Audited)
Trade payables	<b>4,112</b>	7,016
Retention payables	<b>8,303</b>	7,706
Accruals and other payables	<b>23,307</b>	2,299
	<b>35,722</b>	17,021

Payment terms granted by suppliers are 42–60 days (2016: 42–60 days) from the invoice date of the relevant purchases.

- (a) The ageing analysis of trade payables based on the invoice date is as follows:

	As at 31 October 2017 HK\$'000 (Unaudited)	As at 30 April 2017 HK\$'000 (Audited)
0–30 days	<b>3,159</b>	6,818
31–60 days	<b>755</b>	–
61–90 days	–	–
Over 90 days	<b>198</b>	198
	<b>4,112</b>	7,016

- (b) Retention payables are interest-free and settled in accordance with the terms of the respective contracts.
- (c) All trade and other payables are denominated in HK\$.

**13. OBLIGATIONS UNDER FINANCE LEASES**

	Total minimum lease payments		Present value of minimum lease payment	
	As at 31 October 2017 HK\$'000 (Unaudited)	As at 30 April 2017 HK\$'000 (Audited)	As at 31 October 2017 HK\$'000 (Unaudited)	As at 30 April 2017 HK\$'000 (Audited)
Within one year	<b>34</b>	34	<b>23</b>	23
In the second to fifth years inclusive	<b>57</b>	75	<b>38</b>	50
	<b>91</b>	109	<b>61</b>	73
Future finance charges	<b>(30)</b>	(36)		
Present value of finance lease liabilities	<b>61</b>	73		

The Group's office equipment with an aggregate net book value of approximately HK\$61,000 as at 31 October 2017 are secured.

## 14. SHARE CAPITAL

	The Company	
	Number of shares	Share capital HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each		
At 30 April 2017 and 1 May 2017 and 31 October 2017	<u>2,000,000,000</u>	<u>20,000</u>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each		
At 30 April 2017 and 1 May 2017 and 31 October 2017	<u>1,440,000,000</u>	<u>14,400</u>

## 15. COMMITMENTS

### (a) Operating leases commitments

The Group did not have any significant operating leases commitments as at 31 October 2017 (30 April 2017: nil).

### (b) Capital commitments

The Group did not have any significant capital commitments as at 31 October 2017 (30 April 2017: nil).

## 16. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at 31 October 2017.

## 17. RELATED PARTY TRANSACTIONS

### (a) Key management personnel remuneration

The emoluments of the directors of the Company, who represent the key management personnel during the six months ended 31 October 2017 and 2016 are as follows:

	Six months ended 31 October	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Salaries, fee and allowances	508	300
Discretionary bonuses	–	–
Retirement benefit scheme contributions	15	15
	<u>523</u>	<u>315</u>

### (b) Transactions with related parties

The Group entered into the following transactions with its related parties:

Name of related party	Nature	Six months ended 31 October	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Mars Glare Limited	Rental payments by the Company to Mars Glare for the lease of certain properties	<u>96</u>	<u>192</u>

The transactions have not been constituted related party transactions since 26 July 2017 because such director of the Company has resigned with effect from 26 July 2017.

## 18. EVENTS AFTER REPORTING PERIOD

The Group had no significant events after the end of the reporting period.