



联合控股

— HK.08366 —

Zhejiang United Investment Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 8366

Third Quarterly Report

2017



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*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

	Pages
Financial Highlights	3
Management Discussion and Analysis	4–8
Disclosure of Interests	9–10
Other Information	11–13
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)	14
Condensed Consolidated Statement of Changes in Equity (Unaudited)	15
Notes to the Consolidated Financial Statements	16–22



FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK\$86.9 million for the nine months ended 31 January 2018 (the “**Reporting Period**”) (2017: approximately HK\$98.9 million), representing a decrease of approximately 12.1% as compared with the corresponding period of last year.
- Loss attributable to the owners of the Company for nine months ended 31 January 2018 amounted to approximately HK\$3.7 million (2017: profit amounted to approximately HK\$4.8 million).
- Basic loss per share amounted to approximately HK\$0.26 cents for the nine months ended 31 January 2018 (2017: Basic earnings per share approximately HK\$0.34 cents).
- The Board does not recommend the payment of dividend for the nine months ended 31 January 2018 (2017: 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 government still maintain its stand to launch a rolling Landslip Prevention and Mitigation Programme to systematically deal with the landslide risk associated with both man-made slopes and natural hillsides. The stand enable steady flow of slopes construction works load to the construction industry. All in all, the Directors remain cautiously optimistic about the slope works industry in Hong Kong.



On 17 January 2018, the Company entered into an agreement (the “**Acquisition Agreement**”) with Mega Lions Construction Limited (the “**Vendor**”), pursuant to the Acquisition Agreement, the Vendor conditionally agreed to sell, and the Company conditionally agreed to acquire the entire equity interest of the Gain Link Enterprises Limited (the “**Target Company**”) and its subsidiaries (collectively referred as the “**Target Group**”) at the consideration of HK\$150,000,000, satisfied by cash consideration of HK\$45,000,000 as deposit and to be satisfied by share consideration of HK\$105,000,000 with 198,113,208 new shares to be allotted and issued by the Company at HK\$0.53 each (the “**Consideration Shares**”).

The Target Group is undergoing a shareholding restructuring (the “**Restructure**”), 浙江千祥建设有限公司 (Zhejiang Qian Xiang Construction Company Limited) (the “**Project Company**”) will become a subsidiary of the Target Company upon completion of the Restructure. The Project Company is principally engaged in the business of construction, decoration and engineering in the People’s Republic of China (the “**PRC**”). The Board considers that the acquisition of the Target Group enables the Group to expand into the PRC market given the Project Company mainly operates its construction projects in the PRC, thus provides an opportunity to the Group diversify and strengthen its business base and increase its profitability. Up to the date of this report, the acquisition is not yet completed. Details of this acquisition are set out in the announcement of the Company dated 17 January 2018.

On 18 January 2018, the Company and the Vendor entered into a supplemental agreement to the Acquisition Agreement to provide for a placing of shares, not more than 89,880,000 and not less than 66,040,000 shares to be placed, to the independent third parties not later than the allotment and issuance of the Consideration Shares. Up to the date of this report, the placing of shares is not yet completed. Details of this placing of shares are set out in the announcement of the Company dated 18 January 2018.



FINANCIAL REVIEW

Revenue

The Group's overall revenue decreased by approximately HK\$12 million or approximately 12.1% from approximately HK\$98.9 million for the nine months ended 31 January 2017 to approximately HK\$86.9 million for the nine months ended 31 January 2018. 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 slope works project.

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 nine months ended 31 January 2018 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\$83.8 million for the nine months ended 31 January 2017 to approximately HK\$80.1 million for the nine months ended 31 January 2018, representing a decrease of approximately 4.4%. 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 nine months ended 31 January 2018, which was due to the completion of the work schedule under some of the Group's slope work projects and less work orders 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 HK\$14.9 million for the nine months ended 31 January 2017 to approximately HK\$6.8 million for the nine months ended 31 January 2018, as a result of the decrease in the contract size of foundation project undertaken by the Group during the nine months ended 31 January 2018.



General building works: Undertaking general construction of buildings. Revenue from undertaking general building works decreased from approximately HK\$0.2 million for the nine months ended 31 January 2017 to HK\$nil for the nine months ended 31 January 2018, representing a decrease of 100%, since the Group did not provide any general building works services for the nine months ended 31 January 2018.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK\$1.7 million or approximately 23.3% from approximately HK\$7.3 million for the nine months ended 31 January 2017 to approximately HK\$5.6 million for the nine months ended 31 January 2018 and the Group's gross profit margin decreased from approximately 7.4% for the nine months ended 31 January 2017 to approximately 6.5% for the nine months ended 31 January 2018. 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\$10.3 million or approximately 11.2% from approximately HK\$91.6 million for the nine months ended 31 January 2017 to approximately HK\$81.3 million for the nine months ended 31 January 2018. 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\$2.8 million or approximately 93.3% from approximately HK\$3 million for the nine months ended 31 January 2017 to approximately HK\$0.2 million for the nine months ended 31 January 2018. The decrease in the Group's other income was mainly due to the non-recurring gain on disposal of property, plant and equipment and interest income of approximately HK\$2.9 million, which was recorded during the nine months ended 31 January 2017.



Administrative Expenses

The Group's administrative expenses significantly increased by approximately HK\$4.5 million or approximately 104.7% from approximately HK\$4.3 million for the nine months ended 31 January 2017 to approximately HK\$8.8 million for the nine months ended 31 January 2018. The increase in the Group's administrative expenses for the nine months ended 31 January 2018 was primarily due to (1) one-off professional expenses incurred of approximately HK\$2 million; and (2) additional rent and rates of approximately HK\$1.2 million incurred in relation to the new head office of the Company in Hong Kong.

Net (Loss) Profit

Loss attributable to owners for the nine months ended 31 January 2018 was approximately HK\$3.7 million as compared to profit attributable to owners of approximately HK\$4.8 million for the nine months ended 31 January 2017. 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 nine months ended 31 January 2018 as discussed above.



DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVE' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

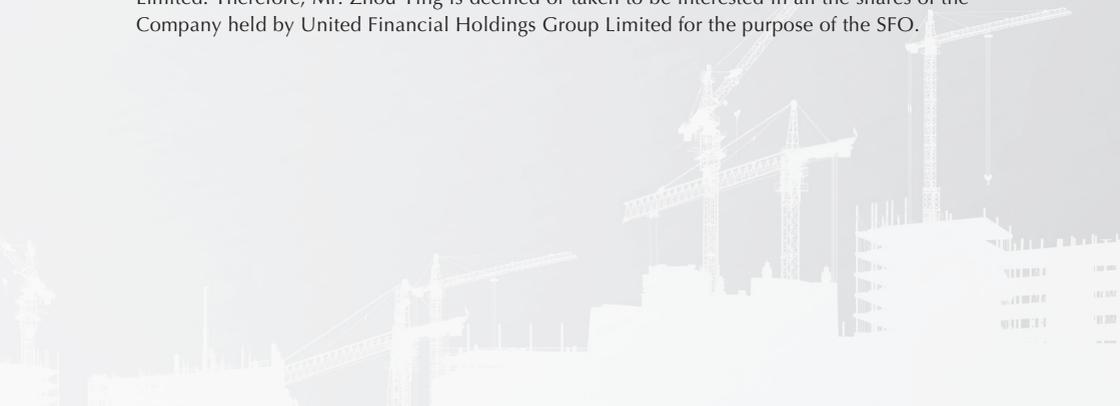
As at 31 January 2018, the interests and short positions of the Directors or chief executive of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws 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 January 2018, 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

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 nine months ended 31 January 2018.

COMPLIANCE ADVISOR'S INTERESTS

As at 31 January 2018, 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.

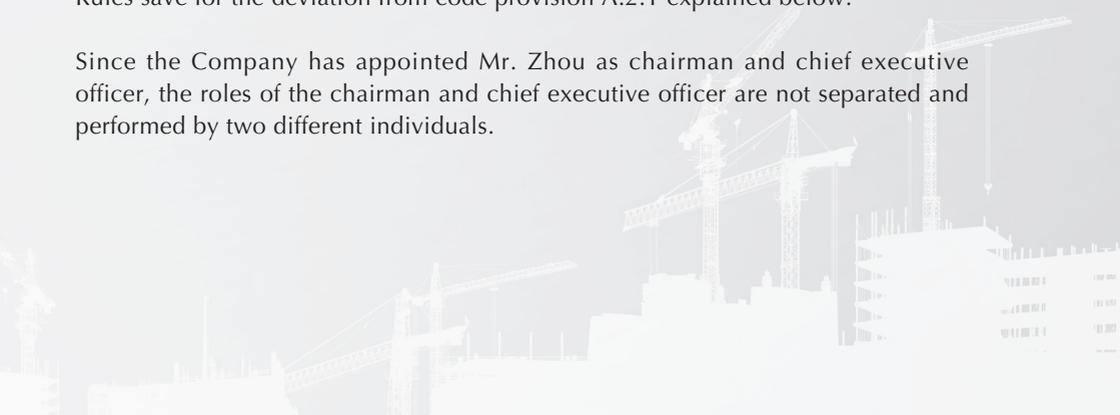
PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the nine months ended 31 January 2018 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 nine months ended 31 January 2018 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 nine months ended 31 January 2018 and up to the date of this report.

DIVIDENDS

The Board did not recommend any payment of dividend for the nine months ended 31 January 2018 (2017: 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 January 2018.



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 nine months ended 31 January 2018 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, 9 March 2018



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

FOR THE THREE MONTHS AND NINE MONTHS ENDED 31 JANUARY 2018

	Notes	For the three months ended 31 January		For the nine months ended 31 January	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	3	42,032	34,234	86,900	98,876
Direct costs		(39,901)	(32,188)	(81,281)	(91,572)
Gross profit		2,131	2,046	5,619	7,304
Other income	3	41	449	156	2,967
Administrative expenses		(4,320)	(1,702)	(8,775)	(4,317)
Finance costs	4	(3)	(3)	(9)	(9)
(Loss) profit before income tax	6	(2,151)	790	(3,009)	5,945
Income tax expense	5	(245)	(139)	(690)	(1,121)
(Loss) profit and total comprehensive loss for the period attributable to the owners of the Company		(2,396)	651	(3,699)	4,824
		HK cents	HK cents	HK cents	HK cents
(Loss) earnings per share — Basic and diluted	8	(0.17)	0.05	(0.26)	0.34

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE NINE MONTHS ENDED 31 JANUARY 2018

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000 (Note)	Retained earnings HK\$'000	Total HK\$'000
Balance at 1 May 2017	14,400	24,457	18,001	26,838	83,696
Loss and total comprehensive loss for the period	—	—	—	(3,699)	(3,699)
Balance at 31 January 2018 (unaudited)	14,400	24,457	18,001	23,139	79,997
Balance at 1 May 2016	14,400	24,457	18,001	22,271	79,129
Profit and total comprehensive income for the period	—	—	—	4,824	4,824
Balance at 31 January 2017 (unaudited)	14,400	24,457	18,001	27,095	83,953

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL 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 immediate and ultimate holding companies are United Financial Holdings Group Limited and Century Investment Holdings Limited, respectively. United Financial Holdings Group Limited was incorporated in Hong Kong and 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 Cayman Islands and 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 is located at Room 1901, 19/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong. The Company is an investment holding company and its subsidiaries (collectively, the “**Group**”) are principally engaged on undertaking slope works, foundation works and other general building works in Hong Kong.

2. BASIC OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 January 2018 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”). The accounting policies adopted by the Group are consistent with financial statements for the year ended 30 April 2017.

The 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		Nine months ended	
	31 January		31 January	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Contracting revenue	42,032	34,234	86,900	98,876

The chief operating decision-maker has been identified as the Board of Directors of the Company. The Board of Directors 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 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 nine months ended 31 January 2018 and 2017 are as follows:

	Three months ended		Nine months ended	
	31 January		31 January	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Slope works	38,569	26,096	80,119	83,760
Foundation works	3,463	8,138	6,781	14,916
General building works	-	-	-	200
	42,032	34,234	86,900	98,876

An analysis of other income is as follows:

	Three months ended		Nine months ended	
	31 January		31 January	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	-	5	63	1,734
Interest income	-	417	1	1,171
Rental income from lease of machinery	-	11	-	11
Sundry income	41	16	92	51
	41	449	156	2,967

3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (CONTINUED)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group during the three months and nine months ended 31 January 2018 and 2017 are as follows:

	Three months ended		Nine months ended	
	31 January		31 January	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer A	N/A ¹	4,923	N/A ¹	11,701
CEDD	22,616	14,693	43,343	52,500
Lands Department	9,241	7,892	24,978	21,630
	31,857	27,508	68,321	85,831

¹ 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		Nine months ended	
	31 January		31 January	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on:				
— obligation under finance leases wholly repayable within 5 years	3	3	9	9

Interest on:

— obligation under finance leases wholly repayable within 5 years

3 3 **9** 9

5. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	31 January		31 January	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong tax:				
— charge for the period	245	139	690	1,140
— over provision for in prior period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19)</u>
	245	139	690	1,121

Hong Kong Profits Tax has been provided at the rate of 16.5% (2017: 16.5%) on the Company's estimated assessable profits for the period.

No deferred tax has been provided in the unaudited condensed consolidated 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 January		Nine months ended 31 January	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Staff costs (including directors' emoluments)				
— salaries, allowances and benefits in kind	1,121	1,556	3,229	3,790
— retirement benefits scheme contributions	33	35	95	111
Total staff costs (including directors' emoluments)	1,154	1,591	3,324	3,901
Depreciation in respect of plant and equipment				
— leased assets	6	6	17	17
— owned assets	29	35	106	105
	35	41	123	122
Loss of disposal of available-for-sale financial assets	—	231	—	231
Operating lease charges:				
— Land and buildings	1,258	96	1,450	288
Subcontracting charges (included in direct costs)	39,479	30,849	79,637	88,087

7. DIVIDEND

The Directors do not recommend a payment of dividend for the nine months ended 31 January 2018 (2017: 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		Nine months ended	
	31 January		31 January	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

(Loss) earnings

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

	(2,396)	651	(3,699)	4,824
--	----------------	-----	----------------	-------

Number of shares

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

	1,440,000	1,440,000	1,440,000	1,440,000
--	------------------	-----------	------------------	-----------

The calculation of basic (loss) earnings per share for the three and nine months ended 31 January 2018 and 2017 is based on the (loss) profit attributable to owners of the Company.

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