联合控股
HK.08366

Zhejiang United Investment Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8366

Annual Report 2018

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

1.	Corporate Information	**2**
2.	Chairman's Statement	**4**
3.	Highlights	**5**
4.	Management Discussion and Analysis	**6**
5.	Environmental, Social and Governance Report	**16**
6.	Biographical Details of Directors and Senior Management	**27**
7.	Corporate Governance Report	**30**
8.	Directors' Report	**47**
9.	Independent Auditor's Report	**56**
10.	Consolidated Statement of Profit or Loss and Other Comprehensive Income	**62**
11.	Consolidated Statement of Financial Position	**63**
12.	Consolidated Statement of Changes in Equity	**64**
13.	Consolidated Statement of Cash Flows	**65**
14.	Notes to the Consolidated Financial Statements	**67**
15.	Financial Summary	**110**

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Zhou Ying
(Chairman and Chief Executive Officer)
(appointed on 26 July 2017)
Ms. Meng Ying
(Compliance Officer)
(appointed on 26 July 2017)
Mr. Yu Shek Man Ringo
(Chairman and Chief Executive Officer)
(resigned on 26 July 2017)
Ms. Wong So Wah
(Administration Director and Compliance Officer)
(resigned on 26 July 2017)

Non-Executive Director

Mr. Cheung Kin Keung Martin
(resigned on 26 July 2017)

Independent Non-Executive Directors

Mr. Zheng Xuchen (appointed on 26 July 2017)
Mr. Wong Man Hin, Raymond
(appointed on 26 July 2017)
Mr. Tang Yiu Wing (appointed on 26 July 2017)
Mr. Law Yiu Sing (resigned on 26 July 2017)
Mr. Wong Kwok Chuen (resigned on 26 July 2017)
Mr. Wong Law Fai (resigned on 26 July 2017)

AUDIT COMMITTEE

Mr. Wong Man Hin, Raymond *(Chairman)*
(appointed on 26 July 2017)
Mr. Zheng Xuchen (appointed on 26 July 2017)
Mr. Tang Yiu Wing (appointed on 26 July 2017)
Mr. Law Yiu Sing *(Chairman)*
(resigned on 26 July 2017)
Mr. Wong Kwok Chuen (resigned on 26 July 2017)
Mr. Wong Law Fai (resigned on 26 July 2017)

NOMINATION COMMITTEE

Mr. Zhou Ying *(Chairman)*
(appointed on 26 July 2017)
Mr. Zheng Xuchen (appointed on 26 July 2017)
Mr. Wong Man Hin, Raymond
(appointed on 26 July 2017)
Mr. Wong Kwok Chuen *(Chairman)*
(resigned on 26 July 2017)
Mr. Law Yiu Sing (resigned on 26 July 2017)
Mr. Wong Law Fai (resigned on 26 July 2017)

REMUNERATION COMMITTEE

Mr. Tang Yiu Wing *(Chairman)*
(appointed on 26 July 2017)
Mr. Zheng Xuchen (appointed on 26 July 2017)
Mr. Wong Man Hin, Raymond
(appointed on 26 July 2017)
Mr. Wong Law Fai *(Chairman)*
(resigned on 26 July 2017)
Mr. Yu Shek Man Ringo (resigned on 26 July 2017)
Mr. Wong Kwok Chuen (resigned on 26 July 2017)

LEGAL COMPLIANCE COMMITTEE

Mr. Tang Yiu Wing *(Chairman)*
(appointed on 26 July 2017)
Mr. Zheng Xuchen (appointed on 26 July 2017)
Mr. Wong Man Hin, Raymond
(appointed on 26 July 2017)
Mr. Law Yiu Sing *(Chairman)*
(resigned on 26 July 2017)
Mr. Wong Kwok Chuen (resigned on 26 July 2017)
Mr. Wong Law Fai (resigned on 26 July 2017)
Ms. Wong So Wah (resigned on 26 July 2017)

COMPANY SECRETARY

Ms. Hui Wai Man, Shirley

INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited

COMPLIANCE ADVISER

Gram Capital Limited

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

REGISTERED OFFICE

Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS
Estera Trust (Cayman) Ltd.
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Unit 1901, 19/F
Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

COMPANY WEBSITE
http://www.zjuv8366.com/
(information of this website does not form part of this report)

STOCK CODE
8366

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Zhejiang United Investment Holdings Group Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), I am pleased to present our consolidated financial results of the Group for the financial year ended 30 April 2018 (the "**FY2017/18**").

RESULTS PERFORMANCE

In the FY2017/18, the total revenue of the Group decreased by approximately HK$10.8 million or 7.3% from approximately HK$148.6 million for the year ended 30 April 2017 to approximately HK$137.8 million for the year ended 30 April 2018. In line with such decrease in revenue and gross profit, the Group recorded a loss of approximately HK$10.8 million for FY2017/18 financial year compared with profit of approximately HK$4.6 million for the financial year ended 30 April 2017 (the "**FY2016/17**").

BUSINESS REVIEW AND PROSPECT

During the FY2017/18, the overall market condition of the construction industry in Hong Kong was relatively challenging. The higher subcontracting rate has also posed plenty of challenges to the Group. Undoubtedly, all such factors have adversely affected the industry and the business environment in which the Group operates.

Nevertheless, our Group remains positive about the prospects of the local construction market and will continue to focus on our core business.

In order to strengthen the business base of the Group, the Group is also seeking for suitable opportunities (including acquisitions or cooperation opportunities) for developing construction, building and related business in the People's Republic of China (the "**PRC**") and the local Hong Kong market.

We will also closely monitor the market and enhance our capability to foresee and respond to changes in market conditions.

APPRECIATION

I would like to take this opportunity to express my sincere gratitude to all shareholders, customers, subcontractors and business partners for their continuous support and trust to our Group and my fellow directors and all staff for their considerable contributions to the Group.

Mr. Zhou Ying
Chairman and Executive Director

Hong Kong, 25 July 2018

FY2017/18: HK$137.8m
FY2016/17: HK$148.6m

REVENUE

FY2017/18: HK$1.8m
FY2016/17: HK$9.3m

GROSS PROFIT

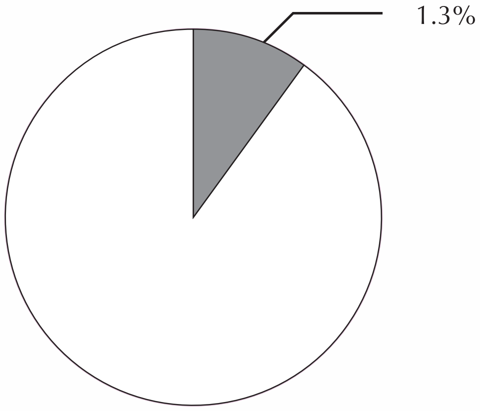
FY2017/18: HK(0.75) cents
FY2016/17: HK0.32 cents

(LOSS) EARNINGS PER SHARE

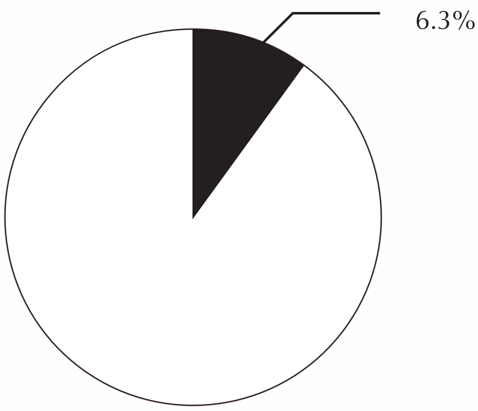
FY2017/18: HK$(10.8)m
FY2016/17: HK$4.6m

NET (LOSS) PROFIT

GROSS PROFIT MARGIN FY2017/18



GROSS PROFIT MARGIN FY2016/17



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 of the Hong Kong Special Administrative Region (the "**Hong Kong 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 (Chapter 123 of the Laws of Hong Kong) as a (i) Registered Specialist Contractor under the sub-register of "Site Formation Works" and "Foundation Works" categories; and (ii) Registered General Building Contractor.

The Group experienced a decrease in revenue and gross profit margin, and recorded net loss for the year ended 30 April 2018 compared to the net profit for the year ended 30 April 2017. 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, higher subcontracting rate. As such, the Directors consider that competition in the market has become more intense recently.

The Directors are also cautiously monitoring the overall construction costs with respect to the works undertaken by the Group which are affected by factors including the overall market conditions and costs in the construction industry as well as overall economy in Hong Kong.

Going forward, in developing the Group's business, the Directors will continue to carefully evaluate the potential costs and to control the Group's overall costs to an acceptable and satisfactory level.

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 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.

Since 1 May 2015 and up to the date of this report, the Group has obtained public projects from each of Civil Engineering and Development Department ("**CEDD**") and Lands Department of the Hong Kong Government respectively, which are expected to be completed in the coming years.

On 17 January 2018, the Company entered into an agreement (the "**Acquisition Agreement**") with Mega Lions Construction Limited (the "**Vendor**"), Mr. Chen Baogen and Mr. Gu Quanyao (the "**Vendor Guarantors**") to acquire the entire equity interest of Gain Link Enterprises Limited (the "**Target Company**") and its subsidiaries (collectively referred as the "**Target Group**"), which is principally engaged in the business of construction, decoration and engineering in the PRC.

The Board considers that the acquisition of the Target Group enables the Group to expand into the PRC market given the Target Group 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.

In additions, the Company and the Vendor entered into a supplemental agreement (the "**Supplemental Agreement**") to the Acquisition Agreement on 18 January 2018 to provide for a placing of shares to the independent third parties.

On 25 May 2018, the Company, the Vendor and the Vendor Guarantors have agreed to terminate the Acquisition Agreement and Supplemental Agreement with an exclusive right granted to the Company to negotiate for a restructured transaction for this acquisition. Up to the date of this annual report, the restructured transaction is not yet agreed and finalised, while the management is still contemplating the terms and possibility of the acquisition.

Nevertheless, the Group will continue to seek for suitable opportunities through acquisition or cooperation for construction, building and related business in the PRC and the local Hong Kong market. The Board considers that these strategic initiatives will enable the Group to broaden its income streams and asset base, thus contributing to the future development and growth of the Group.

FINANCIAL REVIEW

Revenue

The Group's overall revenue decreased by approximately HK$10.8 million or 7.3% from approximately HK$148.6 million for the year ended 30 April 2017 to approximately HK$137.8 million for the year ended 30 April 2018. The decrease in revenue is mainly due to the decrease in revenue derived from undertaking slope works, foundation works and general building works as further discussed below.

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 for the year ended 30 April 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 slightly decreased from approximately HK$125.1 million for the year ended 30 April 2017 to approximately HK$122.2 million for the year ended 30 April 2018, representing a decrease of approximately 2.3%. The decrease in revenue was primarily attributable to a lower amount of revenue from CEDD for the year ended 30 April 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 approximately HK$21.0 million for the year ended 30 April 2017 to approximately HK$15.6 million for the year ended 30 April 2018, representing a decrease of approximately 25.7%, as a result of the decrease in the contract size of foundation work projects undertaken by our Group during the year ended 30 April 2018.

General building works: Undertaking general construction of buildings. Revenue from undertaking general building works decreased from approximately HK$2.2 million for the year ended 30 April 2017 to nil for the year ended 30 April 2018, representing a decrease of 100.0%, since the Group did not provide any general building work services for the year ended 30 April 2018.

Gross Profit and Gross Profit Margin

The Group's direct costs decreased by approximately HK$3.3 million or 2.4% from approximately HK$139.3 million for the year ended 30 April 2017 to approximately HK$136.0 million for the year ended 30 April 2018. Such decrease was mainly attributable to the decrease in amount of works performed, which resulted in the decrease in our subcontracting charges.

The Group's gross profit significantly decreased by approximately HK$7.5 million or 80.6% from approximately HK$9.3 million for the year ended 30 April 2017 to approximately HK$1.8 million for the year ended 30 April 2018 and the Group's gross profit margin decreased from approximately 6.3% for the year ended 30 April 2017 to approximately 1.3% for the year ended 30 April 2018. The decrease in gross profit margin was mainly due to a higher subcontracting rate and overall construction costs for the existing projects as a result of the tougher competitive conditions and challenging operating environment in the Hong Kong construction market.

Other Income

The Group's other income amounted to approximately HK$3.1 million and HK$1.0 million for the years ended 30 April 2017 and 2018 respectively, representing a decrease of approximately 67.7%, which was mainly due to the non-recurring gain on disposal of property, plant and equipment of approximately HK$1.7 million and interest income derived from available-for-sale financial assets of approximately HK$1.1 million during the year ended 30 April 2017 as compared to less than HK$0.1 million of gain on disposal of property, plant and equipment and no interest income from available-for-sale financial assets for the year ended 30 April 2018.

Administrative Expenses

The Group's administrative expenses significantly increased by approximately HK$7.0 million or approximately 107.7% from approximately HK$6.5 million for the year ended 30 April 2017 to approximately HK$13.5 million for the year ended 30 April 2018. The increase in the Group's administrative expenses was primarily due to (1) one-off professional expenses incurred of approximately HK$2.9 million; (2) additional rent and rates of approximately HK$2.4 million incurred in relation to the new head office of the Company in Hong Kong; and (3) increase in administrative staff costs of approximately HK$0.7 million.

Net (Loss) Profit

Loss attributable to equity holders for the year ended 30 April 2018 was approximately HK$10.8 million as compared to profit attributable to equity holders of approximately HK$4.6 million for the year ended 30 April 2017. The turnaround from profit to loss for the year was mainly due to the decrease in revenue, gross profit, other income and increase in administrative expenses for the year ended 30 April 2018 as discussed above.

Final Dividend

The Board did not recommend a payment of a final dividend for the year ended 30 April 2018 (2017: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 30 April 2018, the Group's operations, capital expenditure and other capital requirements were funded by internal resources, credit facilities from banks and net proceeds raised from the placing. As aforementioned, the Company successfully listed on GEM on 2 November 2015. Based on the placing price of HK$0.20 per placing share and 205,000,000 new shares issued, the net proceeds from the placing was approximately HK$31.3 million, deducting all listing expenses. The Directors are of the view that as at the date hereof, the Group's financial resources are sufficient to support its business and operations. Notwithstanding this, the Group may consider other financing activities when appropriate business opportunities arise under favorable market conditions.

CASH POSITION

As at 30 April 2018, the cash at banks and in hand of the Group amounted to approximately HK$39.1 million (2017: approximately HK$67.0 million), representing a decrease of approximately HK$27.9 million as compared to that as at 30 April 2017.

CHARGES OVER ASSETS OF THE GROUP

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$50,000 as at 30 April 2018 (2017: HK$73,000).

No charge over assets of the Group as at 30 April 2018 (2017: Nil).

GEARING RATIO

As at 30 April 2018, the gearing ratio of the Group was approximately 3.2% (2017: approximately 0.1%). The gearing ratio is calculated as total debt divided by the total equity as the respective reporting date. For this purpose total debt is defined as amount due to a director and obligation under finance leases as shown in the consolidated statement of financial position. 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.

FOREIGN EXCHANGE EXPOSURE

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. For the year ended 30 April 2018, 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 year ended 30 April 2018.

CAPITAL COMMITMENTS

As at 30 April 2018, the Group had material capital commitments of HK$24.9 million (2017: Nil) in respect of capital injection of a wholly-owned subsidiary.

EMPLOYEES AND REMUNERATION POLICY

As at 30 April 2018, the Group had 53 (2017: 56) employees, including the Directors. Total staff costs (including directors' emoluments) were approximately HK$4.6 million for the year ended 30 April 2018 as compared to approximately HK$4.7 million for the year ended 30 April 2017. The remuneration policy and package of the Group's employees were annually reviewed. The salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance.

The emoluments of the Directors were reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance, and approved by the Board.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

In addition to the business plan as disclosed in the Company's prospectus (the "**Prospectus**") dated 23 October 2015, the Company has entered into the following material investment agreement during the year ended 30 April 2018.

On 17 January 2018, the Company has entered into an Acquisition Agreement with the Vendor and Vendor Guarantors to acquire the entire equity interest of the Target Group, which is principally engaged in the business of construction, decoration and engineering in the PRC.

On 25 May 2018, the Company, the Vendor and the Vendor Guarantors have agreed to terminate the acquisition with an exclusive right granted to the Company to negotiate for a restructured transaction for this acquisition. Up to the date of this annual report, the restructured transaction is not yet agreed and finalised.

Save as disclosed above, there was no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies, and plans for material investments on capital assets.

CONTINGENT LIABILITIES

As at 30 April 2018, the Group had no material contingent liabilities (2017: Nil).

CAPITAL STRUCTURE

The shares of the Company were successfully listed on the GEM of the Stock Exchange 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 30 April 2018, the Company's issued capital was HK$14,400,000 and the number of its issued ordinary shares was 1,440,000,000 of HK$0.01 each.

SEGMENT INFORMATION

Segment information is presented for the Group as disclosed on note 5 to the consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's key risk exposures are summarized as follows:

i. A significant portion of the Group's past revenue was generated from contracts granted by the Hong Kong Government and statutory bodies, which are non-recurrent in nature, and if the level of Hong Kong Government's spending on construction projects particularly for slope works is reduced, the Group's financial performance may be materially affected;

ii. The Group is dependent on its senior management and in-house engineers, inability to retain its staff may adversely affect the Group's business operations; and

iii. Any delays in the Group's projects may affect the Group's cash flows and may have adverse impact on the Group's business and reputation.

For other risks and uncertainties facing the Group, please refer to the section headed "Risks Factors" in the Prospectus.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's operations at work sites are subject to certain environmental requirements pursuant to the laws in Hong Kong, including primarily those in relation to noise control, air pollution control, water pollution control and waste disposal control.

The Group has established measures and work procedures governing environmental protection compliance that are required to be followed by its employees and subcontractors. Such measures and procedures include, among others:

Area	**Measure**
Noise control	i. Noise assessment will be conducted while necessary if the construction activities may affect the neighbourhood. ii. Construction Noise Permit (CNP) will be applied from Environmental Protection Department if working outside the period below. iii. The permitted hours for operation at project site is from 7:00 a.m. to 7:00 p.m. Monday to Saturday. Works are not permitted on general public holidays.

Area	Measure
Air pollution control	i. Appropriate air pollution control system, equipment or measure shall be operated or implemented properly and effectively whenever plant/process/activity concerned is engaged in. ii. Any dusty materials remaining after stockpiles/debris is removed shall be wetted with water and cleared from the surface of roads or streets. iii. Plants/vehicles shall be well maintained to ensure a low level of dark smoke emission. iv. Open burning of refuse is strictly forbidden.
Water pollution control	i. All server and drainage connections shall be sealed by sand bag to prevent blockage by debris, soil, sand, etc. ii. Wastewater generated from concreting, grouting, drilling, plastering, internal and external fabrication, cleaning, site clearance and similar activities shall not be discharged into storm drains. Sufficient sand bags should be placed around the drainage point to avoid and minimize the wastewater run-in.
Waste disposal control	i. Labeled bins to be provided to allow segregation of recyclable materials whenever possible. ii. Disposal of public fill at the public filling facility as designated by Public Fill Committee (PFC) of CEDD and at other public filling facilities as may be required by CEDD, and to comply with their acceptable requirements.

During the year ended 30 April 2018, the Group did not record any non-compliance with applicable environmental requirements that resulted in prosecution or penalty being brought against the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Hong Kong while the Company itself is listed on the Stock Exchange. Our establishment and operations shall therefore comply with the relevant laws and regulations in Hong Kong. External compliance and legal advisers are engaged to ensure transactions and businesses performed by the Group are within the applicable law framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. During the year ended 30 April 2018 and up to the date of this annual report, there is no material non-compliance with the relevant prevailing laws and regulations in Hong Kong by the Group.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

Customers

The Group's customers mainly include (a) for public sector projects, Hong Kong Government departments such as CEDD, Lands Department and Architectural Services Department, as well as other statutory bodies including the Hong Kong Housing Authority; and (b) for private sector projects, private corporations and other entities in the private sector.

During the year ended 30 April 2018, the Group served customers from both of public and private sector in Hong Kong. During the year ended 30 April 2018, the Directors consider that the Group is not reliant on any single customer. The Group has business relationship with most of the top customers ranging from one year to over 10 years.

Suppliers and Subcontractors

During the year ended 30 April 2018, the suppliers of goods and services which were specific to the business of the Group and were required on a regular basis to enable the Group to continue to carry on its business included (i) subcontractors engaged by the Group to perform the slope works; (ii) suppliers of construction materials and consumables as such high-tensile steel, structural steel, cement and aggregates.

The Group maintains an internal list of approved subcontractors. While engaging subcontractors, the Group generally selects the most suitable subcontractor from the approved list based on their relevant experience as well as their availability and fee quotations.

The Group did not experience any material difficulties in sourcing materials from suppliers or assigning subcontractors during the year ended 30 April 2018. Also, there is no significant dispute with our top five suppliers and subcontractors during the year ended 30 April 2018.

Employees

The Group believes that employees are important assets and their contribution and support are valued at all times. The Group provides competitive remuneration packages to attract and retain employees with the aim to form a professional staff and management team that can bring the Group to new levels of success. The Group regularly reviews compensation according to industry benchmark, financial results as well as the individual performance of employees. Furthermore, the Group places great emphasis on the training and development of employees and regards excellent employees as a key factor in its competitiveness.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus and Plans for Material Investments or Capital Assets mentioned above, the Group did not have other plans for material investments and capital assets.

Comparison of Business Objectives with Actual Business Progress

	Business objectives from latest practicable date up to 30 April 2018 as stated in the Prospectus	**Actual business progress from latest practicable date as stated in the Prospectus up to 30 April 2018**
Further developing our business by undertaking more projects	Submit more tenders for both public sector projects and private sector projects with a primary focus on slope work when suitable opportunities arise. Undertake more projects should the Group be able to identify and secure suitable business opportunities, with HK$25.77 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.	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 year ended 30 April 2018 to satisfy the working capital requirement.
Further strengthening our manpower	Recruit additional staff to cope with an business development and our plan to undertake more projects. Continue to provide training to our existing and newly recruited staff.	The Group has employed additional staff to cope with the new projects and continued to sponsor staff to attend seminars and training courses.

USE OF PROCEEDS

During the year ended 30 April 2018, the net proceeds from placing were applied as follows:

	Planned use of proceeds as stated in the Prospectus from latest practicable date up to 30 April 2018 HK$'million	**Actual use of proceeds from latest practicable date as stated in the Prospectus up to 30 April 2018** HK$'million
Satisfying various working capital requirements in relation to undertaking more projects	25.77	25.50
Further strengthening our manpower	5.53	3.67

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THIS REPORT

1.1. Reporting Period

This is the second Environmental, Social and Governance ("**ESG**") report that illustrates and highlights the environmental and social performance of the Group from 1 May 2017 to 30 April 2018 unless otherwise stated.

1.2. Reporting Scope

The content of this ESG report primarily focused on the Group's business in slope works, foundation works and general building works in Hong Kong. This report demonstrates the ESG performance of the Group's business operation in achieving sustainable development for the future.

1.3. Reporting Framework

This ESG report follows the disclosure requirement as set out in the Environmental, Social and Governance Reporting Guide contained in Appendix 20 to the GEM Listing Rules (the "**ESG Guide**").

Key Performance Index ("KPI") Reference Table

Reference KPI of the ESG Guide	Corresponding KPI in the section of this report
A1. Emissions Policies and Compliances	Environmental Performance
	Emissions Policies and Compliances
	Minimising Emissions
A2. Use of Resources	Constructing Sustainably
	Reducing Construction and Demolition Waste
A3. The Environment and Natural Resources	Constructing Sustainably
	Reducing Construction and Demolition Waste
	The Environment and Natural Resources
B1. Employment Policies and Compliances	Total Workforce by Age Group
	Employment Policies and Compliances
B2. Health and Safety Policies and Compliances	Health and Safety Policies and Compliances
	Occupational Health and Safety Data
B3. Development and Training Policies	Development and Training Policies

Reference KPI of the ESG Guide	Corresponding KPI in the section of this report
B4. Labour Standards	Total Workforce by Age Group
	Employment Policies and Compliances
B5. Supply Chain Management	Supply Chain Management
B6. Product Responsibility	Product Responsibility
	Protecting Intellectual Property Rights
	Quality Assurance Process
	Consumer Data Protection and Privacy Policies
B7. Anti-corruption Policies and Compliances	Anti-corruption Policies and Compliances
	Conflict of Interest
	Preventive Measures and Whistle-blowing Procedures
B8. Community Investment	Community Care

2. ENVIRONMENTAL PERFORMANCE

The following table summarises the Group's carbon footprint:

Scope	Sources of GHG Emissions	GHG* emissions (in tCO_2-eq)	GHG* emissions (in tCO_2-eq) by scope	Distribution
1	Mobile — Unleaded petroleum consumed by the Group's motor vehicles	56.41	56.41	29.71%
2	Purchased electricity	129.17	129.17	68.04%
3	Disposal of paper waste	2.77		
	Fresh water processing	1.07	4.27	2.25%
	Sewage water processing	0.43		
	Total	**189.85**	**189.85**	**100%**
	Carbon emission intensity	**0.665**		

* The GHG is calculated according to the 'Guiltiness to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong' jointly published by Environmental Production Department and Electrical and Mechanical Services Department.

2.1. Emissions Policies and Compliances

The Group acknowledges the impact of its works to its employees, the community and the environment. By having its environmental protection management system being certified with ISO 14001:2004, the Group signifies its commitment in preventing pollution, reducing waste, and meeting applicable legal and environmental requirement. As required for all construction sites, the Group complies with the following environmental laws and ordinance, all emissions and waste generated during operation are strictly controlled and monitored.

Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong)

Dumping at Sea Ordinance (Chapter 466 of the Laws of Hong Kong)

Environmental Impact Assessment Ordinance (Chapter 499 of the Laws of Hong Kong)

Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong)

Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong)

Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)

Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong)

2.2. Minimising Emissions

Carbon Footprint — Greenhouse Gas Emissions

The largest greenhouse gas ("**GHG**") emissions of the Group, with over 68%, was generated by scope 2 — indirect emissions, it was attributed to the electricity usage of lightings, air-conditioning, and electrical appliances and equipment. The Group has adopted various management measures including the use of energy saving lighting fixtures and switching off unused air-conditioning, lightings, and equipment to reduce energy use.

Whereas scope 1 — direct emissions from the use of petroleum and diesel for mobile vehicles, was in the second place, contributed to 29.71% of the Group's total carbon footprint.

Although paper waste in scope 3 constituted of about 2% of the total emissions, 577 kg of paper were used during the reporting period. Employees are practicing double sided printing and actively using digital technology to replace papers. The Group will continue to work on paper reuse and recycling to further reduce its GHG emissions.

The following table analyses the differences in GHG emissions between the Group's offices and the construction sites:

Scope	Source of GHG emissions	GHG emissions (in tCO_2-eq) Offices	GHG emissions (in tCO_2-eq) Construction Sites
1	Mobile (motor vehicles)	2.81	53.61
2	Purchased electricity	12.04	117.12
3	Disposal of paper waste	2.77	Nil
	Fresh water processing	Nil#	1.07
	Sewage water processing	Nil#	0.43
	Total GHG emissions	**17.62**	**172.23**
	Contribution	**9.28%**	**90.72%**

\# Water usage was included in the management fee of the offices and was not available for GHG calculation.

Office operations contributed to 17.62 tCO_2-eq which was about 9.28% of total accountable GHG emissions, while the remaining 90.72% was accounted from the activities of the construction sites. It is noteworthy that the electricity and water used in some construction sites were provided by the main contractors. Hence, the related data was not available for GHG calculation. However, the Group will work with the main contractors for the possibility of recording the electricity and water usage in the coming years to set quantifiable targets for GHG reduction in operation.

Air Emissions

Dust or respirable suspended particulates ("**RSP**") generated by the activities in construction sites could contribute to local air pollution. The Group is in compliance with the Air Pollution Control Ordinance (Cap. 311) and its subsidiary regulations, particularly the Air Pollution Control (Open Burning), (Construction Dust) and (Smoke) Regulations. With the Group's environmental protection management policy, appropriate and effective air pollution control is executed in its construction sites. Preventive measures including risk assessment before project commencement, the use of protective fencing and automatic water sprinkler to suppress dust generation and to prevent RSP matters from dispersing into the atmosphere. Since the Group's work does not require any burning of fuels or the use of volatile chemical substance, related air emissions or pollution is not significant.

Another major source of air emissions was the use of petroleum and diesel-powered motor vehicles for transportation. Motor vehicles, especially the diesel powered, emit a considerable amount of RSP and nitrogen dioxide (NO_2) into the atmosphere. Hence, the use of more efficient transportation methods or with the use of electrical vehicles shall be considered to minimise the air emissions generated by transportation.

2.3. Constructing Sustainably

Energy Consumption — Electricity

The total electricity consumption of the Group was 201,154.98 kilowatt-hour (kWh), with the total operation area of 285.61 m^2, the energy intensity was 704.29 kWh/m^2. The Group is actively seeking for more energy efficient equipment to reduce GHG emissions and adopting green practices from the recommendations of the Energy Efficiency Office of Electrical and Mechanical Services Department to enhance energy saving.

Water Consumption

The total fresh water consumption was 2,518.00 cubic meters (m^3). In order to lower water usage and enhance water efficiency, water conservation measures are in practice to minimise water wastage. The Group monitors its water supply to ensure it is running at its optimal working condition without leakage to protect this precious natural resource. Besides, the discharge of waste water in construction sites strictly follows the requirement and approval of the Environmental Protection Department ("**EPD**") to avoid water source pollution.

Fossil Fuel Consumption — Petroleum

A total of 20,833.20 litres of petroleum were consumed by the Group's motor vehicles.

Materials Consumption — Solvent, Paint and Chemicals

The Group recognises the use of some materials and chemicals during its work could harm the environment; thus, comprehensive market research is done, and product information is collected from suppliers before the procurement decision is made to understand the product's effect on the environment. During the reporting period, the Group has been using materials and chemicals that complied with the safety and air pollution control regulation.

2.4. Reducing Construction and Demolition Waste

During the reporting period, there were about 3,430 tonnes of waste, comprising of rocks, concrete, asphalt, rubbles, bricks, stones and earth being transferred to the Hong Kong Government public filling facilities ("**landfills**") under the Construction Waste Disposal Charging Scheme. The Group understands the impact of waste on the environment, to achieve long term sustainability, the Group promotes recovery, recycling and reuse of materials as stated in its waste management plan by classification and separation to minimise waste disposal. There are generally five types of construction and demolition waste:

Type of Waste	Method of Treatment
Chemical Waste	Dispose with permission under the Waste Disposal (Chemical Waste) (General) Regulation of EPD
Paper/carboard waste arising from construction product packaging	Recycle
Formwork waste	Reuse
Vegetation during site clearance	Dispose
Municipal waste from site offices	Dispose if not recyclable (paper, plastic, glass, aluminium)

The Group's non-recyclable waste was transported to designated landfills by qualified transportation companies while the recyclable waste was collected by registered recycling parties.

Chemical and Potential Hazardous Waste

Construction waste increases the burden on landfills, which are becoming increasingly scarce. Moreover, if the waste is not managed properly, materials such as solvents and chemicals can cause soil and water pollution. The Group is registered as a chemical waste producer with EPD under the Waste Disposal (Chemical Waste) (General) Regulation. The Group recognises the adverse impact of chemicals such as paints and larvicide, etc. on the environment; thus, test is conducted prior to actual use and they are stored in designated location for safety assurance. All chemical waste is handled in accordance with the Code of Practice on the Packaging, Labelling and Storage of Chemical waste published by the EPD.

2.5. The Environment and Natural Resources

There are occasionally some trees and precious plant species found in the construction locations of the Group's projects. To minimise the risk of harming and damaging the trees and plants by the construction works, the Group would use protective fencing to protect rare and precious plant species. Besides, tree surveys would be done to examine the trees and the survey result would be submitted to the Civil Engineering and Development Department for the necessary precautions needed to be taken to protect the trees on site.

3. HUMAN CAPITAL

3.1. Total Workforce by Age Group

As at 30 April 2018, the total number of employees was 53 (2017: 56) with 13 females and 40 males and the following age combination;

	18–25	26–35	36–45	46–55	56 and above
2018	**7.5%**	**13.2%**	**28.3%**	**17.0%**	**34.0%**
2017	8.9%	23.2%	25.0%	21.4%	21.4%

3.2. Employment Policies and Compliances

Through the years of experience in the industry, the Group understands that its success and development are highly dependent on its workforce. The annual turnover rate was 40.37% (2017: 61.00%) and it was attributed to the voluntary turnover of employees after they have completed the Group's specific projects. Nevertheless, the Group is committed to maintain a stable and loyal workforce by providing a competitive remuneration and benefit package as well as a fair, positive and conductive working environment that embraces diversity and equality.

To formalise the commitment, the Group's staff handbook is structured to communicate important laws and work ethics surrounding employment and labour standard, remuneration and compensation, benefits and welfare, leaves and holidays, occupational health and safety guidelines, training and development, and business conduct and ethics. Remuneration package is reviewed periodically to ensure employees are assessed and rewarded based on their capabilities, responsibilities and performance. The Group provides equal opportunities for employees in respect of recruitment, remuneration and benefits, training and development, and job advancement.

The recruitment process is strictly abided by the Group's recruitment policy, ensuring the suitable and qualified candidates are hired in accordance with the job requirement, relevant laws, and candidates' expectation for a fair, healthy and sustainable workforce.

During the reporting period, there was no incidence of work stoppages, labour disputes, litigation, claims, administrative action or arbitration relating to labour standard against the Group.

3.3. Health and Safety Policies and Compliances

Ensuring the health and wellbeing of its employees is of utmost importance, the Group has established work safety policies and procedures to ensure that its operations comply with the applicable work safety laws and regulations. Various occupational health and safety trainings are conducted to enhance employees' safety awareness and practices. The Group also adopts the workplace safety guidelines from Occupational Safety and Health Council to train employees on how to protect themselves from health and safety hazard.

Employees working at construction sites are required to attend safety induction trainings prior to work commencement. Safety precautions and health related working tips are communicated through pre-work briefings and notices. Personal protective equipment such as helmets, gowns, gloves, eyewear and face masks, etc are provided to employees for protection. Emergency procedures are communicated periodically, and employees' awareness is high.

The Group also requires its subcontractors to comply with its safety policies to protect the interest of the workers. Corporate safety audit is conducted regularly to encourage safety compliance and employees' safety commitment. During the reporting period, the Group has not violated any related safety and health ordinance and provisions.

Occupational Health and Safety Data	**2018**	2017
Number of Work-related Fatalities	**0**	0
Work injury cases with leave of absence >3 days	**2**	0
Work injury cases with leave of absence <3 days	**0**	0
Lost days due to work injury	**265**	0
Work injury rate	**0.38**	0

3.4. Development and Training Policies

The Group understands that the experience and skills of employees are important and critical to its developing needs. To improve their job performance and to prepare them for future development, various training programs are offered to employees to improve their skills and knowledge. The Group also encourages employees to further develop themselves by offering training sponsorship so employees can attend external training courses or educational programs for self-advancement.

4. SUPPLY CHAIN MANAGEMENT

The quality and safety of the final project works are of ultimate importance to the Group. To ensure product safety and service quality, various suppliers of products and materials as well as subcontractors are engaged for goods and services. The Group's procurement policy is to ensure the best available quality products are selected in an honest, competitive, fair and transparent manner. Suppliers and subcontractors are selected based upon documented procedures, clear criteria and due diligence check.

4.1. Suppliers and Subcontractors Engagement

The Group recognises the importance of using reputable suppliers and subcontractors who offer reliable, stable, cost-effective and high-quality products and services to meet the needs and requirements of the customers. The Group has 42 suppliers (including product and material suppliers, and subcontractors) on the approved suppliers list which is reviewed annually by the administration and project management team. The project management team would also conduct performance appraisal through on-site audit to evaluate the performance of subcontractors for continuous improvement and cooperation.

5. PRODUCT RESPONSIBILITY

The Group is approved and registered to undertake the following construction related projects in Hong Kong and it is subjected to the laws and regulations of different categories of work.

Approved Specialist Contractor	Public Works maintained by the Development Bureau of the Hong Kong Government under the categories of "Landslip Preventive/Remedial Works to Slopes/ Retaining Walls" with a confirmed status and "Land Piling (Group II)".
Registered Specialist Contractor Registered General Building Contractor	Sub-register of "Site Formation Works" and "Foundation Works" categories of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong)

Slope works are generally referred 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. The overall success of the Group's project depends on the monitoring, auditing, and managing processes from materials selection, quality management system, to work performance on site. The Group's project management team is responsible to plan resources, choose appropriate materials, manage time and work progress and ensure employees' quality performance so that high-quality work and on-time project completion could be enforced and guaranteed. During the reporting period, there were no significant complaints in service quality and delivery.

5.1. Protecting Intellectual Property Rights

The Group recognises the importance of intellectual property protection in Hong Kong and complies with the intellectual property ("**IP**") rights regulations. During the reporting period, there was no material infringement of the IP rights and the Group is confident that all reasonable measures have been taken to prevent any infringement of its own IP rights and the IP rights of third parties.

5.2. Quality Assurance Process

The Group is committed to providing safe and high-quality work to customers. The Group's Integrated Management System integrates all quality, environmental, and safety management standards (ISO 9001, ISO 14001 and OHSAS 18001) into one system which covers quality, safety, health and environment ("**QSHE**") for the management of quality assurance, health and safety compliance, and environmental protection. Based on the design and quality requirement of customers, the QSHE department is responsible for on-site supervision, management and inspection to ensure quality performance and to prevent non-conformance. The Group also developed a complaint handling policy to ensure customers' concern is treated seriously and addressed promptly and fairly.

5.3. Consumer Data Protection and Privacy Policies

The Group properly manages and protects the data of its employees, customers, subcontractors and suppliers to ensure their privacy and confidentiality. All tender documents, service contracts, related licenses, employees' personal data are neatly secured and archived. The Group complies with the Personal Data (Privacy) Ordinance and is strictly abided by the regulation in the collection, disclosure, usage, retention, and storage of data to ensure data integrity and safety.

6. ANTI-CORRUPTION POLICIES AND COMPLIANCES

The Group has regarded honesty, integrity and fairness as its core value that must be upheld by all directors and employees. To formalise the commitments, the Group's Code of Conduct clearly stated the expected requirement, and the Group's policies on bribery, accepting or offering advantage, conflict of interest and fraudulent activities when dealing with the Group's business. Employees should not solicit, offer to or accept anything of material value from their colleagues, customers, suppliers or other business partners of the Group unless the Group has given its consent.

6.1. Conflict of Interest

The Code of Conduct also stated that all directors and employees should avoid the conflict between personal financial interest and the professional official duties in the Group. The code requires directors and employees to declare any potential conflict of interest by completing the required documentation.

6.2. Preventive Measures and Whistle-blowing Procedures

The Group upholds its ethical value by establishing its whistleblowing policies whereas an employee could report genuine concern about suspected misconduct, malpractice or irregularity regarding financial and compliance matters in strict confidence. Reporting procedures were communicated through the staff handbook, and refresher training was conducted to ensure employees understand the Group's Code of Conduct. During the reporting period, there was no related fraudulent case reported against the Group.

7. COMMUNITY INVESTMENT

7.1. Community Care

The Group is committed to conducting business in every aspect to minimise potential environmental and social impact to its stakeholders especially its employees and the community members. The Group will explore opportunities in future charity or community events to play a part in making a difference and strengthening the Hong Kong community.

8. CONSIDERING THE FUTURE OF SUSTAINABLE DEVELOPMENT

There are great challenges ahead in the sustainable development of the Group with the increasing concern over the impact of constructions related activities on the environment. Energy and water conversation, and waste reduction are among the top priorities to preserve a better environment for future generations. Being a responsible enterprise, the Group will continue to explore more sustainable solutions in performing its work and strive to be a role model in the industry on environmental protection.

9. STAKEHOLDERS' FEEDBACK

Stakeholders' comments and feedbacks regarding the Group's performance and approach on environmental, social and governance aspects are welcomed and valued. Questions, suggestions and recommendations could be sent via the 'contact us' link in the Group's official website at http://www.zjuv8366.com or by email to info@zjuvholdings.com.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. ZHOU Ying ("Mr. Zhou"), aged 36, has been working in the financial investment industry and has invested in or managed various companies of the People Republic of China involving in various fields, including equity investment, assets management, films and entertainment and cultural education. Since March 2014, Mr. Zhou has acted as the chairman of the board of directors in Zhejiang United Small-and-medium-sized Enterprises Holdings Group Company Limited* (浙江聯合中小企業控股集團有限公司), which is principally engaged in provision of consultation services for company management (e.g. providing the financing plans for the small-and-medium-sized enterprises and advising on the transaction plan/structure for the mergers and acquisitions of the companies).

Mr. Zhou currently serves a number of positions in the following committees and organizations: a member of the Zhejiang Provincial Party Committee of China Democratic National Construction Association* (中國民主建國會浙江省委委員), the vice-president of the Zhejiang Minjian Entrepreneur Association of China Democratic National Construction Association* (中國民主建國會浙江省民建企業家協會副會長), a member of the Hangzhou City Committee of China Democratic National Construction Association* (中國民主建國會杭州市委員會委員), the vice-president of the Entrepreneur Association of the Hangzhou City Committee of China Democratic National Construction Association* (中國民主建國會杭州市委員會企業家聯誼會副會長), the president of the Zheshang National Council Presidium* (浙商全國理事會主席團主席), the vice-president of the Zhejiang International Finance Society (浙江省國際金融學會副會長), the deputy general secretary of Western Returned Scholars Association of Hangzhou* (杭州歐美同學會副秘書長), a committee member of Hangzhou Youth Federation* (杭州市青聯委員), a member of the executive committee of Hangzhou Industrial and Commercial Union* (杭州市工商聯執委) and the vice president of Hangzhou Entrepreneurship Development Association* (杭州市創業發展促進會副會長).

Mr. Zhou has received the following awards: the 13th session of Top 10 Outstanding Young Persons in Hangzhou* (第十三屆杭州十大傑出青年), Top 10 New Youth Businessmen in Yangtze River Delta of China in 2016* (2016年度中國長三角十大新鋭青商), Person of the Year of Zhejiang Minjian in 2016* (2016年度浙江民建年度人物), Asia Financial Brands Top 10 Outstanding Figures* (亞洲金融品牌十大傑出人物) in 2016, Zhejiang Outstanding Investor of Year 2016* (2016年度浙江年度優秀投資人), Top 10 Leaders of Zhejiang Financial Investment in 2015* (2015年度浙江金融投資十大領軍人物), Zheshang Figure of Creativity in 2015* (2015浙商創新人物), Top 10 Models with Outstanding Contributions to Hangzhou United Front of Year 2014* (2014年度杭州統一戰線十大建功立業模範), China Outstanding Credible Entrepreneur* (中國優秀誠信企業家) in 2014 and the Outstanding Investment Manager in 2015* (2015年度優秀投資經理) of Zhejiang Private Equity Association* (浙江省股權投資行業協會).

Ms. MENG Ying, ("Ms. Meng"), aged 37, currently serves as the president of Zhejiang United Small and Medium Enterprises Holding Group Company Limited.* (浙江聯合中小企業控股集團有限公司), and the president of Zhejiang Zhongbang Equity Investment Company Limited* (浙江中邦股權投資有限公司).

From 2004 to 2009, Ms. Meng was a customer manager at Hangzhou Tower Company Limited* (杭州大廈有限公司), and from 2009 to 2012, she was the manager in the customer service department of China Resources Sun Hung Kai Properties (Hangzhou) Limited (華潤新鴻基房產地(杭州)有限公司)*. From 2013 to 2014, she was the general manager of Zhejiang United Small and Medium Enterprises Capital Management Company Limited* (浙江聯合中小企業資本管理有限公司). She graduated from Zhejiang University majoring in Sociology with a bachelor and postgraduate degree.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. ZHENG Xuchen ("Mr. Zheng"), aged 53, is currently the chairman of Hangzhou Municipal Engineering Group Company Ltd.* (杭州市市政工程集團有限公司). He has over 30 years of experience in construction industry. Before he becomes the chairman of Hangzhou Municipal Engineering Group Company Ltd., Mr. Zheng worked at Hangzhou Municipal Engineering Company* (杭州市市政工程公司) and as the general manager of Hangzhou Municipal Engineering General Company (杭州市政工程總公司).

He has been registered as a senior engineer since 1999 under the Regulations of the People's Republic of China on Certified Public Architects (promulgated by Decree No. 184 of the State Council on 23 September 1995), and as a senior engineer with the professor-grade in 2005. He graduated from the Higher Technical College attached to Zhejiang University* (浙江大學附屬杭州高等專科學校) (now known as Zhejiang University of Science & Technology (浙江科技學院)) in July 2001 with a bachelor degree in business administration.

Mr. Zheng has obtained numerous awards, including but not limited to the National May-One Labour Medal* (全國五一勞動獎章) awarded by the Chinese Federation of Labour in 1999, Labour Model of Zhejiang Province* (浙江省勞動模範) awarded by the People's Government of Zhejiang Province in 1999.

Mr. Zheng also holds offices in various social organisations and industry associations, including but not limited to the Deputy of the 15th National People's Congress of Xiacheng District, Hangzhou (第十五屆杭州市下城區人大代表) since 2017, the vice president of Zhejiang Provincial Municipal Association (浙江省市政行業協會) since 2002, and the vice chairman of Hangzhou Institute of Civil Engineering (杭州市土木建築學會) since 2017.

Mr. WONG Man Hin, Raymond ("Mr. Raymond Wong"), aged 52, is a U.S. Certified Public Accountant, a Certified Management Accountant (CMA) and is certified in financial management (CFM). He is a member of American Institute of Certified Public Accountant (CPA). Mr. Raymond Wong holds a Bachelor's Degree in Chemical Engineering and a Master Degree of Arts in Economics. He has been an executive director of Raymond Industrial Limited (Stock Code: 229), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited since April 2002 and a deputy executive chairman since April 2007. Mr. Raymond Wong has been an independent non-executive director in Nan Nan Resources Enterprise Limited (Stock Code: 1229), a company listed on the Main Board of the Stock Exchange since March 2008. He has been an independent non-executive director in Modern Beauty Salon Holdings Limited (Stock Code: 919), a company listed on the Main Board of the Stock Exchange since December 2009. He has been an independent non-executive director in Tak Lee Machinery Holdings Limited (Stock Code: 8142), a company listed on the GEM Board of the Stock Exchange since June 2017.

Mr. TANG Yiu Wing ("Mr. Tang"), aged 51, is a practising solicitor in Hong Kong, and the founder and a partner of Ivan Tang & Co.. He holds a bachelor's degree in Laws, a postgraduate certificate in Laws from The University of Hong Kong and a master's degree in Laws from The City University of Hong Kong. He is a member of The Law Society of Hong Kong and is admitted as a solicitor of the Supreme Court of England and Wales and a barrister and solicitor of the Supreme Court of Tasmania. Mr. Tang has been an independent non-executive director of Goldin Financial Holdings Limited (Stock Code: 530), a company listed on the Main Board of the Hong Kong Stock Exchange since September 2006. Mr. Tang has been an independent non-executive director of Jete Power Holdings Limited (Stock Code: 8133), a company listed on the GEM Board of the Hong Kong Stock Exchange since April 2015. Mr. Tang has been an independent non-executive director of KSL Holdings Limited (Stock Code: 8170), a company listed on the GEM Board of the Hong Kong Stock Exchange since March 2017. Mr. Tang has been an independent non-executive director of Universe International Financial Holdings Limited (Stock Code: 1046), a company listed on the Main Board of the Hong Kong Stock Exchange since October 2017.

SENIOR MANAGEMENT

Project Manager

Mr. LEE Ho Cheong ("Mr. Lee"), aged 46, is our senior project manager who is responsible for project management and supervision. Mr. Lee joined our Group in July 2000. He has over 23 years of experience in the construction industry in Hong Kong. Prior to joining our Group, he had accumulated experience in the construction industry in Hong Kong through his employment in AECOM Asia Company Limited (formerly known as Maunsell Consultants Asia Limited) from July 1999 to July 2000, Vibro (H.K.) Limited from August 1997 to July 1999, AECOM Consulting Services Limited (formerly known as Scott Wilson (Hong Kong) Limited) from November 1995 to July 1997 and Franki Contractors Limited from November 1992 to October 1995.

Mr. Lee completed the Construction Supervisor Trainee programme, the Construction Safety Officer Course, and the Environmental Officer course, all of which were organised by the Construction Industry Training Authority, in August 1992, January 2004, and March 2007 respectively. He also obtained a certificate in Civil Engineering Studies through part-time studies from the Haking Wong Technical Institute (now known as IVE (Haking Wong)) in August 1993 and a higher certificate in Civil Engineering from Hong Kong Technical Colleges in July 1995. Mr. Lee also completed a safety auditor training scheme organised by the Construction Industry Council in September 2011.

Mr. HO Chi Ming, Alvin ("Mr. Ho"), aged 45, is our senior project manager who is responsible for project management and supervision. Mr. Ho joined our Group in May 2003. Mr. Ho has been an associate member of The Hong Kong Institution of Engineers since May 2005, a member of the Australian Institute of Building since May 2007, and is currently a member of The Hong Kong Institute of Construction Managers.

Mr. Ho has over 23 years of experience in the construction industry in Hong Kong. Prior to joining us, he had accumulated experience in the industry through his employment in Ka Construction Company Limited from February 2000 to January 2003, PYI Management Limited (formerly known as Paul Y.-ITC Management Limited) from July 1995 to February 2000, AECOM Asia Company Limited (formerly known as Maunsell Consultants Asia Limited) from July 1993 to July 1995, and D.E. Engineering Company from March 1992 to March 1993. Mr. Ho obtained a certificate in Civil Engineering from Haking Wong Technical Institute (now known as IVE (Haking Wong)) in September 1995 (by part-time studies), a certificate of Construction Safety Supervisor from the Construction Industry Training Authority in October 1995, a higher certificate in Civil Engineering from Hong Kong Technical Colleges in June 1997 (by part-time studies), and a Bachelor of Applied Science in Construction Management & Economics degree from Curtin University of Technology in Australia in September 2004 (by part-time studies and long distance learning). Mr. Ho also completed a Construction Safety Officer course organised by the Construction Industry Training Authority in August 2000.

COMPANY SECRETARY

Ms. HUI Wai Man, Shirley ("Ms. Hui"), age 51, is the Company Secretary of the Company from 30 June 2017. She is practicing accountant in Hong Kong and is currently a director of a CPA firm and a securities firm. Ms. Hui is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries, the Society of Chinese Accountants and Auditors and a member of the Hong Kong Securities Institute.

CORPORATE GOVERNANCE REPORT

Pursuant to Rule 18.44 of the GEM Listing Rules, the Board is pleased to present hereby the corporate governance report of the Company for the year ended 30 April 2018.

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term success and continuing development of the Group. Therefore, the Board is committed to upholding good corporate standards and procedures, so as to improve the accountability system and transparency of the Group, protect the interests and create value for shareholders.

CORPORATE GOVERNANCE CODE

During the year ended 30 April 2018, 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 Ying as chairman and chief executive officer, the roles of the chairman and chief executive officer are not separated and performed by two different individuals.

Mr. Zhou Ying has been managing company's business and the overall financial and strategic planning since July 2017. 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 year ended 30 April 2018.

BOARD OF DIRECTORS

The key responsibilities of the Board include formulation of the Group's overall strategies, the setting of management targets and supervision of management performance. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group. In addition, the Board has also delegated various responsibilities to the board committees of the Company (the "**Board Committees**"). Further details of the Board Committees are set out in this annual report. Pursuant to the terms of reference, the duties performed by the Board in respect of corporate governance are as follows:

1. to develop and review the policies and practices on corporate governance of the Group and make recommendations;

2. to review and monitor the training and continuous professional development of Directors and senior management;

3. to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees;

5. to review the Company's compliance with the Code and disclosure in the corporate governance report of the Company; and

6. to conform to any requirement, direction, and regulation that may from time to time be contained in the constitution of the Company or imposed by the GEM Listing Rules or applicable laws.

Composition of the Board

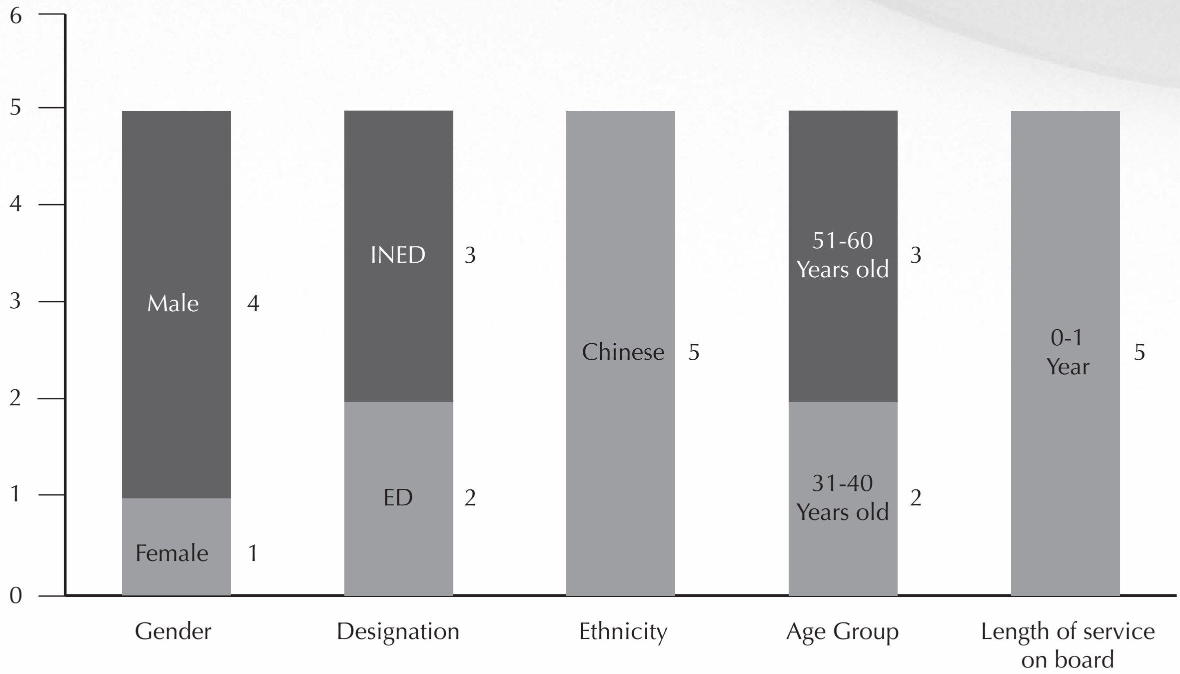
Up to the date of this annual report, the Board comprises five Directors, including two executive Directors and three independent non-executive Directors ("**INED**"). In particular, the composition of the Board is set out as follow:

Executive Directors

Mr. Zhou Ying *(Chairman and Chief Executive Officer)*
Ms. Meng Ying *(Compliance Officer)*

Independent Non-executive Directors

Mr. Zheng Xuchen
Mr. Wong Man Hin, Raymond
Mr. Tang Yiu Wing



In compliance with rules 5.05(1) and 5.05A of the GEM Listing Rules, the Board consisted of three INEDs during the year ended 30 April 2018. During the year ended 30 April 2018 and as of the date of this report, the number of INEDs represents more than one-third of the Board. As such, there is a strong independent element in the Board to provide independent judgement.

The Company has entered into a service agreement with each of the INEDs. The commencement date of each of the service agreement from the annual general meeting of the Company had been held in 2017 and up to annual general meeting of the Company to be held in 2018, which may be terminated earlier by no less than one month written notice served by either party on the other.

Pursuant to Article 108 of the articles of association of the Company (the "**Articles**"), one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least once every 3 years. However, a retiring Director shall be eligible for re-election.

Specific enquiry has been made by the Company to each of the INEDs to confirm their independence pursuant to rule 5.09 of the GEM Listing Rules. In this connection, the Company has received positive confirmations from all of the three INEDs. Based on the confirmations received, the Company considers all INEDs to be independent under the GEM Listing Rules.

Saved as disclosed in the section "Biographical Details of Directors and Senior Management" in this annual report, there is no financial, business, family or other material or relevant relationship among members of the Board and senior management.

Board and General Meetings

During the year ended 30 April 2018, nine board meetings were held. The first annual general meeting of the Company was held on 5 September 2017 (the "**2017 AGM**").

The attendance of the respective Directors at the Board meetings and the 2017 AGM are set out in the table below:

	Number of Attendance/ number of Board meetings
Executive Directors	
Mr. Zhou Ying *(Chairman)* (appointed on 26 July 2017)	7/7
Ms. Meng Ying (appointed on 26 July 2017)	7/7
Mr. Yu Shek Man Ringo *(Chairman)* (resigned on 26 July 2017)	2/2
Ms. Wong So Wah (resigned on 26 July 2017)	2/2
Non-executive Director	
Mr. Cheung Kin Keung Martin (resigned on 26 July 2017)	2/2
Independent Non-executive Directors	
Mr. Zheng Xuchen (appointed on 26 July 2017)	7/7
Mr. Wong Man Hin, Raymond (appointed on 26 July 2017)	7/7
Mr. Tang Yiu Wing (appointed on 26 July 2017)	7/7
Mr. Law Yiu Sing (resigned on 26 July 2017)	2/2
Mr. Wong Kwok Chuen (resigned on 26 July 2017)	2/2
Mr. Wong Law Fai (resigned on 26 July 2017)	2/2

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

Pursuant to code provision A.2.1 of the Code, the roles of Chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

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

Mr. Zhou Ying has been managing company's business and the overall financial and strategic planning since July 2017. 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.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the "**Board Diversity Policy**") from the date of Listing up to the date of this corporate governance report. A summary of this Board Diversity Policy, together with the measureable objectives set for implementing this Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

The Company recognised the benefits of having a diverse Board to enhance the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the Board. In designing the Board's composition, Board diversity has been considered from a number of measurable aspects including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of services, all of which the Company considers to be important to enhance the quality of its performance. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Board.

The Nomination Committee will monitor the implementation of the Board Diversity Policy and recommend any proposed changes to the Board for approval. The Nomination Committee will from time to time review the Board Diversity Policy as appropriate to ensure its effectiveness.

The Nomination Committee of the Board has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the Board Diversity Policy from the year ended 30 April 2018.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors for a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged our Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

During the year ended 30 April 2018, the Group has provided and all existing Directors have attended at least one training course on the updates of the GEM Listing Rules concerning good corporate governance practices. The Group will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the GEM Listing Rules.

BOARD COMMITTEES

The Board has established a number of functional committees in compliance with the relevant GEM Listing Rules and to assist the Board to discharge its duties. Currently, four committees have been established. An audit committee ("**Audit Committee**") has been established on 14 October 2015 with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraphs C3.3 and C3.7 of the Code; a remuneration committee ("**Remuneration Committee**") has been established on 14 October 2015 with its terms of reference in compliance with paragraph B1.2 of the Code; and a nomination committee ("**Nomination Committee**") has been established on 14 October 2015 with terms of reference a compliance with paragraph A5.2 of the Code. The functions and responsibilities of these committees have been set out in the relevant terms of reference which are of no less stringent than that stated in the Code. The relevant terms of reference of each of the three committee can be found on the Group's website (http://www.zjuv8366.com) and the website of the Stock Exchange. In addition to the abovementioned committees, a legal compliance committee ("**Legal Compliance Committee**") has been established on 14 October 2015. All committees have been provided with sufficient resources and support from the Group to discharge their duties.

AUDIT COMMITTEE

The Audit Committee comprises three members, namely Mr. Wong Man Hin, Raymond (Chairman), Mr. Zheng Xuchen and Mr. Tang Yiu Wing, all of whom are INEDs. The members of the Audit Committee shall comprise non-executive Directors and shall be appointed or removed by the Board. If any member of the Audit Committee ceases to be a Director, he will cease to be a member of the Audit Committee automatically.

The Audit Committee must comprise a minimum of three members, at least one of whom is an INED with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules. In addition, the majority of the Audit Committee shall be INEDs.

With reference to the terms of reference, the primary responsibilities of the Audit Committee are, among others (for the complete terms of reference please refer to the Group's website http://www.zjuv8366.com or the website of the Stock Exchange):

1. to be responsible for making recommendations to the Board on the appointment, re-appointment and removal of the Company's external auditor, and approve the remuneration and terms of engagement of the Company's external auditor, and any question of its resignation or dismissal;

2. to review and monitor the Company's external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

3. to develop and implement policy on engaging the Company's external auditor to supply non-audit services, if any;

4. to monitor integrity of the Company's financial statements and annual report and accounts, half-year report, quarterly report and review significant financial reporting judgments contained in them;

5. to discuss with the Company's external auditor questions and doubts arising in audit of quarterly (if any), interim (if any) and annual accounts;

6. to review the letter of the Company's management from the Company's external auditor and the management's response;

7. to review the statement about the Company's internal control system as included in the Company's annual report prior to submission for the Board's approval;

8. to review the Company's financial reporting, financial controls, risk management and internal control systems;

9. to discuss the risk management and internal control system with the Company's management to ensure that management has performed its duty to have an effective system;

10. to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

11. to review the financial and accounting policies and practices of the Group;

12. to review the external auditor's management letter, any material queries raised by the auditor to the management in respect of accounting records, financial accounts or systems of control and management's response;

13. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

14. to ensure compliance with the laws and regulations relevant to the Group;

15. to report to the Board on that matters pursuant to the terms of reference of the Audit Committee and consider other topics as defined by the Board;

16. to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters;

17. to act as the key representative body for overseeing the Company's relations with the Company's external auditor; and

18. to review treasury risk compliance record on a quarterly basis.

During the year ended 30 April 2018, the Audit Committee had reviewed the Group's consolidated financial results for the year ended 30 April 2017, unaudited quarterly results for the three months ended 31 July 2017, interim results for the six months ended 31 October 2017, quarterly results for the nine months ended 31 January 2018 and discussed internal controls and financial reporting matters. The Audit Committee had also reviewed audited annual results for the financial year ended 30 April 2018, this annual report, and confirmed that this annual report complies with the applicable standards, the GEM Listing Rules, and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditor. In addition, the Audit Committee has reviewed the Group's compliance with the Mandatory Provident Funds laws and regulations and confirmed that there had been no non-compliance thereof during the year ended 30 April 2018.

The Board is of the view that the Audit Committee has properly discharged its duties and responsibilities during the year ended 30 April 2018 and up to the date of this report.

During the year ended 30 April 2018, the Audit Committee had held four meetings.

The attendance records of the members of the Audit Committee are summarised below:

	Number of attendance/ number of meetings
Mr. Wong Man Hin, Raymond *(Chairman)* (appointed on 26 July 2017)	3/3
Mr. Zheng Xuchen (appointed on 26 July 2017)	3/3
Mr. Tang Yiu Wing (appointed on 26 July 2017)	3/3
Mr. Law Yiu Sing *(Chairman)* (resigned on 26 July 2017)	1/1
Mr. Wong Kwok Chuen (resigned on 26 July 2017)	1/1
Mr. Wong Law Fai (resigned on 26 July 2017)	1/1

REMUNERATION COMMITTEE

The Remuneration Committee comprises three members, namely Mr. Tang Yiu Wing (Chairman), Mr. Zheng Xuchen, and Mr. Wong Man Hin, Raymond. All of them are INEDs of the Company.

With reference to the terms of reference of the Remuneration Committee, the primary responsibilities of the Remuneration Committee include the followings (for the complete terms of reference please refer to the Group's website http://www.zjuv8366.com or the website of the Stock Exchange):

1. to consult the chairman of the Board and/of chief executive about their remuneration proposals for other executive Directors;

2. to make recommendations to the Board on the Company's policy and structure for remuneration of Directors' and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy;

3. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

4. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;

5. to make recommendations to the Board on the remuneration of non-executive Directors;

6. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;

7. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

8. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

9. to ensure that no Directors or any of his/her associates is involved in deciding his/her own remuneration.

The members of the Remuneration Committee should meet at least once a year. During the year ended 30 April 2018, a meeting of the Remuneration Committee was held and has, inter alia, reviewed the remuneration packages for individual executive Directors and senior management and making recommendations to the Board.

The attendance records of the members of the Remuneration Committee are summarised below:

	Number of attendance/ number of meetings
Mr. Tang Yiu Wing *(Chairman)* (appointed on 26 July 2017)	N/A
Mr. Zheng Xuchen (appointed on 26 July 2017)	N/A
Mr. Wong Man Hin, Raymond (appointed on 26 July 2017)	N/A
Mr. Wong Law Fai *(Chairman)* (resigned on 26 July 2017)	1/1
Mr. Yu Shek Man Ringo (resigned on 26 July 2017)	1/1
Mr. Wong Kwok Chuen (resigned on 26 July 2017)	1/1

The Board is of the view that the Remuneration Committee has properly discharged its duties and responsibilities during the year ended 30 April 2018 and up to date of this report.

NOMINATION COMMITTEE

The Nomination Committee comprises three members, namely Mr. Zhou Ying (Chairman), Mr. Zheng Xuchen and Mr. Wong Man Hin, Raymond. Mr. Zheng Xuchen and Mr. Wong Man Hin, Raymond are INEDs of the Company.

With reference to the terms of reference the Nomination Committee, the primary responsibilities of the Nomination Committee include the followings (for the complete terms of reference please refer to the Group's website http://www.zjuv8366.com or the website of the Stock Exchange):

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to review the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;

3. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

4. to assess the independence of INEDs; and

5. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

The members of the Nomination Committee should meet at least once a year. During the year ended 30 April 2018, a meeting of the Nomination Meeting was held and has, inter alia, reviewed the structure, size and composition of the Board, assessed the independence of the INEDs and considered the Directors to retire and stand for re-election at the 2017 AGM. The Nomination Committee has also reviewed the board diversity policy as set out in the paragraph headed "Board Diversity Policy" above.

The attendance records of the members of the Nomination Committee are summarised below:

	Number of attendance/ number of meetings
Mr. Zhou Ying *(Chairman)* (appointed on 26 July 2017)	N/A
Mr. Zheng Xuchen (appointed on 26 July 2017)	N/A
Mr. Wong Man Hin, Raymond (appointed on 26 July 2017)	N/A
Mr. Wong Kwok Chuen *(Chairman)* (resigned on 26 July 2017)	1/1
Mr. Law Yiu Sing (resigned on 26 July 2017)	1/1
Mr. Wong Law Fai (resigned on 26 July 2017)	1/1

LEGAL COMPLIANCE COMMITTEE

The Legal Compliance Committee comprises three members, namely Mr. Tang Yiu Wing (Chairman), Mr. Zheng Xuchen and Mr. Wong Man Hin, Raymond. All of them are INEDs of the Company.

With reference to the terms of reference of the Legal Compliance Committee, the primary duties of the Legal Compliance Committee are to assist in overseeing our compliance with laws and regulations relevant to our business operations and to review the effectiveness of our regulatory compliance procedures and system.

The members of the Legal Compliance Committee should meet at least once a year. During the year ended 30 April 2018, a meeting of the Legal Compliance Committee was held and has, inter alia, reviewed the Company's regulatory compliance procedures and systems and compliance with the code and the other legal and regulatory requirements.

The attendance records of the members of the Legal Compliance Committee are summarised below:

	Number of attendance/ number of meetings
Mr. Tang Yiu Wing *(Chairman)* (appointed on 26 July 2017)	N/A
Mr. Zheng Xuchen (appointed on 26 July 2017)	N/A
Mr. Wong Man Hin, Raymond (appointed on 26 July 2017)	N/A
Mr. Law Yiu Sing *(Chairman)* (resigned on 26 July 2017)	1/1
Ms. Wong So Wah (resigned on 26 July 2017)	1/1
Mr. Wong Kwok Chuen (resigned on 26 July 2017)	1/1
Mr. Wong Law Fai (resigned on 26 July 2017)	1/1
Mr. Yiu Chun Wing (resigned on 30 June 2017)	N/A

AUDITOR'S REMUNERATION

During the year ended 30 April 2018, the Group engaged Grant Thornton Hong Kong Limited ("**GT**") as the Group's external auditor. The remuneration paid and payable to GT is set out as follows:

	Fees paid/payable for the services rendered	
	2018 (HK$'000)	2017 (HK$'000)
Statutory audit services	**500**	600
Non-statutory audit services	**162**	–
Total	**662**	600

COMPANY SECRETARY

Any executive Director will be the person to whom such external service provider can contact with. The Company appointed Ms. Hui Wai Man, Shirley ("Ms. Hui") as the company secretary of the Company from an external secretarial services provider.

During the year ended 30 April 2018, Ms. Hui has undertaken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

COMPLIANCE OFFICER

Ms. Meng Ying, an executive Director, is the compliance officer of the Group. Please refer to the section "Biographical details of Directors and Senior Management" for her biographical information.

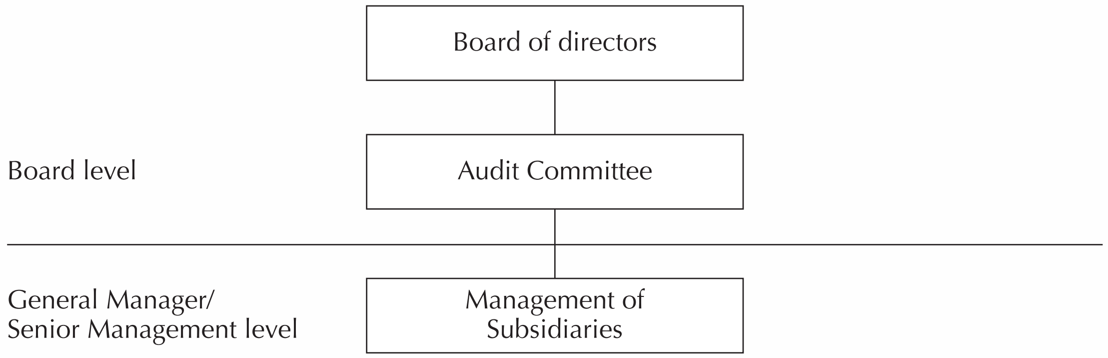
RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledge that it is responsible for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to the Audit Committee, who oversees management in the design, implementation and monitoring of the risk management and internal control systems.

Main features of the risk management and internal control systems

The risk management framework of the Group and main responsibilities of the members in the framework are described as follows:



Member	Main Responsibilities
The Board	• Set up goals for risk management strategy, assess and determine the nature and extent of risk acceptable to achieve the strategy goals; • Establish and maintain a proper and effective risk management and internal control systems; • Review the effectiveness of the risk management and internal control systems annually.
Audit Committee	• Assist the Board in overseeing the risk level and the design and performance of the risk management and internal control systems; • Discuss the risk management and internal control systems with the management, ensure the management has fulfilled its responsibility of establishing effective systems; • Ensure that the internal audit function has sufficient resources for operation and has a proper position, review and supervise its performance; • Keep updated of various major risks confronted by the Group and the risk management status, make decisions for effective risk control; • Report the risk status of the Group and issues to be concerned or improved to the Board on a regular basis; • Facilitate risk management and assessment, regularly appoint relevant accountable persons to implement risk assessment; • Organise and promote the establishment of the risk management system at the group level; • Review material risk assessment report and various risk management reports; • Review major risk management measures, rectify and deal with the decisions made or actions adopted by relevant organizations or individuals beyond the risk management system; • Engage relevant persons to organise and coordinate various departments and projects to carry out identification and assessment of significant risks at the group level, summarise and analyse such information, submit risk assessment and various risk management reports; and • Carry out risk management for other major issues.

Member	Main Responsibilities
Management of subsidiaries	• Ensure that the subsidiaries carry out the risk assessment in compliance with the risk assessment manual formulated by the Group; • Review and approve the risk assessment results of the subsidiaries in respect of the business; • Ensure that the subsidiaries implement effective risk management; • Monitor the principal business risks confronted by the subsidiaries and the effectiveness of relevant risk management measures; • Allocate resources such as fund and workforce to the subsidiaries for implementation of the risk assessment projects.

The process used to identify, assess and management of principal risks

The risk management process of the Group is described as follows:

Risk identification	—	identify the current risks confronted.
Risk analysis	—	conduct analysis on the risk including the impact extent and possibility of occurrence.
Risk response	—	choose a proper risk response method and develop a risk mitigation strategy.
Control measures	—	propose up-to-date internal control measures and policy and process.
Risk control	—	continuously monitor the risks identified and implement relevant internal control measures to ensure the effective operation of the risk response strategy.
Risk management report	—	summarise results of risk assessment and analysis and internal audit, formulate and report an action plan.

The process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects:

The Group establishes a risk management information and communication channel that is functional within the whole basic risk control procedure, connects different levels in the reporting system and different departments and operation units, so as to ensure timely, accurate and complete communication of information, laying a solid foundation for the monitoring and improvement of risk management.

Different departments and business units of the Group regularly inspect and examine their own risk management process in order to locate the shortcomings and remedy the situation if possible. Their inspection and examination reports are delivered to the Group's risk management department in time.

The Board further considers that (i) there was no material issue relating to the Group's risk management and internal controls, including financial, operational and compliance controls and risk management functions of the Group; and (ii) that there were adequate staff with appropriate and adequate qualifications and experience, resources for accounting, internal audit and financial reporting functions, and adequate training programmes had been provided during the year ended 30 April 2018.

In addition, the Group has engaged a professional advisory firm of internal control to perform regular review of the internal control system of the Group for the year ended 30 April 2018 and the results were summarized and reported to the Audit Committee and the Board. The Board will continue to strive for a better control by way of consulting with the professional adviser and adopting the recommendations made by the firm.

REMUNERATION OF THE SENIOR MANAGEMENT

For the year ended 30 April 2018, the remuneration of the senior management is listed below by band:

	Number of individuals
HK$500,001 to HK$1,000,000	3

Details of the directors' remuneration and five highest paid individuals for the Relevant Period as regarded to be disclosed pursuant to the Code are provided in note 12 to the Consolidated Financial Statements in this report.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibility for preparing the consolidated financial statements and to ensure that the consolidated financial statements of the Group are prepared in a manner which reflects the true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required of the GEM Listing Rules. The Directors are of the view that the consolidated financial statements of the Group for each financial year have been prepared on this basis.

To the best knowledge of the Directors, there are no uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

Statement of the Company's external auditor's responsibility in respect of the consolidated financial statements is set out in the Independent Auditor's Report of this report.

GENERAL MEETINGS WITH SHAREHOLDERS

The annual general meeting ("**AGM**") is a forum in which the Board and the shareholders communicate directly and exchange views concerning the affairs and overall performance of the Group, and its future developments, etc. At the AGM, the Directors (including INEDs) are available to attend to questions raised by the shareholders. The external auditor of the Company is also invited to be present at the AGM to address to queries of the shareholders concerning the audit procedures and the auditor's report.

The notice of AGM which shall be sent to the shareholders of the Company at least 20 clear business days prior to the meeting.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meeting on Requisition by Shareholders

Pursuant to article 64 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting ("**EGM**"). EGMs shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, all reasonable expenses incurred by the acquisition(s) as a result of the failure of the Board shall be reimbursed to the requisition(s) by the Company.

Procedures for Shareholders' Nomination of Directors

Pursuant to article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company. The period for lodgment of the notices required under the Article will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Procedures for directing shareholders' enquiries to the Board

Shareholders may direct their enquiries concerning their shareholdings to the Company's share registrars. Shareholders may also make a request for the Company's information to the extent that such information has been made publicly available by the Company. All written enquiries or requests may be forwarded to the Company's head office or by fax to (852) 2336 8862, or by email to info@zjuvholdings.com.

The addresses of the Company's head office and the Company's share registrars can be found in the section "Corporate Information" of this annual report.

Investor Relations

To ensure transparent and comprehensive disclosures to investors, the Group delivers information of the Group to the public through various channels, including general meeting, public announcement and financial reports. The investors are also able to access the latest news and information of the Group via our website (http://www.zjuv8366.com).

In order to maintain good and effective communication, the Company together with the Board extend their invitation to all shareholders and encourage them to attend the forthcoming AGM and all future general meetings.

The shareholders may also forward their enquiries and suggestions in writing to the Company to the followings:

Address: Unit 1901, 19/F
Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

Email: info@zjuvholdings.com

Significant Changes in Constitutional Documents

During the year ended 30 April 2018, there had been no significant changes in the constitutional documents of the Company.

The Board is pleased to present the annual report together with the audited consolidated financial statements for the year ended 30 April 2018.

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 20 May 2015. Its registered office and principal place of business are at Clifton House, 75 Fort Street, PO Box 1350 Grand Cayman KY1-1108, Cayman Islands and Unit 1901, 19/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, respectively.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company and its subsidiaries are principally engaged in undertaking slope works, foundation works and other general building works in Hong Kong.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**Companies Ordinance**"), including a discussion of the principal risks and uncertainties facing the Group, environmental policies of the Group, compliance with laws and regulations by the Group, its relationship with customers, suppliers, subcontractors and employees and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 6 to 15 of this annual report. This discussion forms part of this directors' report.

CHANGE OF COMPANY'S NAME

By a special resolution passed on 5 September 2017, the name of the Company was changed 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.

SEGMENT INFORMATION

An analysis of the Group's performance for the year ended 30 April 2018 by operating segment is set out in note 5 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on page 110 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 April 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 62.

The Board did not recommend payment of final dividend to shareholders of the Company for the year ended 30 April 2018.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the year ended 30 April 2018 are set out in note 13 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 April 2018 are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL AND SHARE PREMIUM

The Company's total issued share capital as at 30 April 2018 was 1,440,000,000 ordinary shares of HK$0.01 each.

Details of movements of the share capital and the share premium of the Company during the year ended 30 April 2018 are set out in note 21 to the consolidated financial statements.

EMOLUMENT POLICY FOR DIRECTORS

A remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group. The remunerations of the Directors are determined with reference to the economic situation, the market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

CHARITABLE DONATIONS

Charitable and other donation made by the Group during the year amounted to HK$310,000 (2017: HK$150,800).

RESERVES

As of 30 April 2018, the reserves of the Company available for distribution, as calculated in accordance with the Companies Law Cap. 22 of Cayman Islands, was approximately HK$40.5 million (2017: HK$51.3 million) inclusive of share premium and retained earnings.

DIRECTORS

The Directors during the year ended 30 April 2018 and up to the date of this report were:

Executive Directors

Mr. Zhou Ying *(Chairman and Chief Executive Officer)* (appointed on 26 July 2017)
Ms. Meng Ying *(Compliance Officer)* (appointed on 26 July 2017)
Mr. Yu Shek Man Ringo *(Chairman and Chief Executive Officer)* (resigned on 26 July 2017)
Ms. Wong So Wah *(Administration Director and Compliance Officer)* (resigned on 26 July 2017)

Non-Executive Director

Mr. Cheung Kin Keung Martin (resigned on 26 July 2017)

Independent Non-Executive Directors

Mr. Zheng Xuchen (appointed on 26 July 2017)
Mr. Wong Man Hin, Raymond (appointed on 26 July 2017)
Mr. Tang Yiu Wing (appointed on 26 July 2017)
Mr. Law Yiu Sing (resigned on 26 July 2017)
Mr. Wong Kwok Chuen (resigned on 26 July 2017)
Mr. Wong Law Fai (resigned on 26 July 2017)

The Directors' biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" in this report.

Information regarding directors' emoluments is set out in note 12 to the consolidated financial statements.

An annual confirmation of independence pursuant to the requirements under Rule 5.09 of the GEM Listing Rules has been received from each of the INEDs.

DIRECTORS' SERVICE CONTRACT

All executive Directors have entered into service agreements with the Company for a term commencing from 26 July 2017 and up to the annual general meeting of the Company to be held in 2018. All of these service agreements may be terminated earlier by no less than one month written notice served by either party on the other.

Each of the INEDs has entered into a service agreement with the Company for a term commencing from the annual general meeting of the Company had been held in 2017 and up to the annual general meeting of the Company to be held in 2018 which may be terminated earlier by no less than one month written notice served by either party on the other.

No director proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Pursuant to Article 108 of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Mr. Wong Man Hin, Raymond and Mr. Tang Yiu Wing will retire from office as Directors at the forthcoming AGM, and being eligible, offer themselves for re-election.

Each of the executive Directors shall also be entitled to discretionary bonus to be determined by the Board based on, among other things, the performance of the individual directors and the overall financial position of the Group, and is subject to the recommendation of the remuneration committee of the Company.

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 April 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings 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 or short positions which any such director or chief executive is taken or deemed to have under such provision 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 referred to the 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	Percentage of shareholding
Mr. Zhou Ying	Interest of a controlled corporation (Note 1)	1,080,000,000	75%

Note 1:

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.

B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 April 2018, the interest and short positions of the person (other than the Directors or chief executive of the Company) or company which was required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity/Nature	Number of shares held/ interested	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%

Save as disclosed above, as at 30 April 2018, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the Group's revenue and purchases attributable to major customers and suppliers are as follows:

	2018 %	2017 %
Percentage of revenue:		
From the five largest customers	**90.30**	92.87
From the largest customer	**48.70**	53.06
Percentage of construction material purchases and construction subcontracted:		
From the five largest suppliers	**91.54**	85.61
From the largest supplier	**45.94**	38.36

To the best of the Directors' knowledge, none of the Directors, their close associates, or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the issued shares of the Company) has an interest in the Group's five largest customers and suppliers.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the related party transactions disclosed in note 24 to the consolidated financial statements, no contract of significance to which the Company or any of its subsidiaries, holding company or fellow subsidiaries was a party and in which a Director or an entity connected with a Director had a material interests directly or indirectly subsisted at 30 April 2018 or at any time during the year ended 30 April 2018.

MANAGEMENT CONTRACTS

No management contracts concerning the whole or any substantial part of the business of the Company were entered into or existed during the year ended 30 April 2018.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than those disclosed under the paragraph headed "Share Option Scheme" and "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures", at no time during the year ended 30 April 2018 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective close associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Company had not entered into any connected transaction during the year ended 30 April 2018 which is required to be disclosed under the GEM Listing Rules. Related party transactions entered into by the Group during the year ended 30 April 2018, which constitute fully exempt continuing connected transactions under Chapter 20 of the GEM Listing Rules are disclosed in note 24 to the consolidated financial statements.

INTERESTS IN COMPETING BUSINESS

None of the Directors, controlling shareholders nor substantial shareholders of the Company 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 year ended 30 April 2018.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30 April 2018.

SHARE OPTION SCHEME

The Company has conditionally 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 options has been granted since the adoption of the Scheme and there was no share option outstanding as at 30 April 2018.

The purpose of the Scheme is to attract and retain the best available personnel, to provide additional incentive to eligible participants and to promote the success of the business of the Group. Eligible participants of the share option scheme include employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group.

The Company may grant options in respect of up to 144,000,000 shares, representing 10% of the total issued shares of the Company as at the date of this report. The total number of shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of an offer for the grant of option(s) is HK$1. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

The subscription price of a share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option. For the purpose of calculating the subscription price, where the Company has been listed on the Stock Exchange for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before listing.

The Scheme will remain in force for a period of ten years commencing on the date of adoption, being 15 October 2015, and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders of the Company in general meeting.

COMPLIANCE ADVISER'S INTEREST

As at 30 April 2018, as notified by the Company's compliance adviser, 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.

PERMITTED INDEMNITY

During the year ended 30 April 2018, the Company has arranged Directors' and officers' liability insurance for all Directors and senior management of the Company. The insurance covers the corresponding costs, charges, expenses and liabilities for legal action of corporate activities against them.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MAJOR EVENTS/OTHER MATTERS

There was a change in controlling shareholder on 5 May 2017 (after trading hours) after United Financial Holdings Group Limited executed the sale and purchase agreement acquiring 1,080,000,000 ordinary shares of the Company. Upon the close of the unconditional mandatory general offer on 22 June 2017, United Financial Holdings Group Limited held 1,081,010,000 shares, constituting an aggregate of approximately 75.07% of the Company's total issued capital. On 17 July 2017, United Financial Holdings Group Limited has disposed of an aggregate of 1,010,000 shares on the open market for the purpose of restoring the public float of the Company in compliance with Rule 11.23(7) of the GEM Listing Rules. For further details, please refer to the announcements of the Company dated 17 July 2017 and 22 June 2017, and the composite document of the Company dated 1 June 2017.

On 17 January 2018, the Company entered into an Acquisition Agreement with the Vendor and the Vendor Guarantors, pursuant to the Acquisition Agreement, the Vendor conditionally agreed to sell, and the Company conditionally agreed to acquire the entire equity interest of 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 was undergoing a shareholding restructuring (the "**Restructure**"), 浙江千祥建設有限公司 (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 PRC. 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. Details of this placing of shares are set out in the announcement of the Company dated 18 January 2018.

EVENTS AFTER REPORTING PERIOD

On 25 May 2018, the Company, the Vendor and the Vendor Guarantors have agreed not to proceed with the acquisition by entering into a Termination Agreement to terminate the Acquisition Agreement and the Supplemental Agreement. Under the Termination Agreement, the Vendor and the Vendor Guarantors have agreed to grant a exclusive right to the Company to negotiate with them for a restructured transaction for the acquisition of the Project Company and its business for a period of 90 calendar days commencing from the date of the Termination Agreement (the "**Exclusivity Period**"), while the deposit of HK$45,000,000 is retained by the Vendor as a deposit until the expiration of the Exclusivity Period and is repayable if no restructured transaction is agreed. Up to date of this report, the restructured transaction is not yet agreed and finalised. Details of the Termination Agreement are set out in the announcement of the Company dated 25 May 2018.

Save as disclosed above, there was no material subsequent event during the period from 1 May 2018 to the date of this annual report.

PUBLIC FLOAT

To the best knowledge of the Directors and based on information that is publicly available to the Company, the Company has maintained sufficient public float as of the date of this annual report as required under the GEM Listing Rules.

AUDITOR

Grant Thornton Hong Kong Limited ("**GT**") shall retire in the forthcoming AGM and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of GT as auditor of the Company will be proposed at the forthcoming AGM. The Company has not change its external auditor during the year ended 30 April 2018 and up to the date of this annual report.

On behalf of the Board
Zhejiang United Investment Holdings Group Limited
Zhou Ying
Chairman and Executive Director

Hong Kong, 25 July 2018

INDEPENDENT AUDITOR'S REPORT

Grant Thornton
致同

To the members of Zhejiang United Investment Holdings Group Limited
(formerly known as Fraser Holdings Limited)
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Zhejiang United Investment Holdings Group Limited (formerly known as Fraser Holdings Limited) (the "Company") and its subsidiaries (together, the "Group") set out on pages 62 to 109, which comprise the consolidated statement of financial position as at 30 April 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 April 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How the matter was addressed in our audit
Accounting for construction contracts *Refer to notes 2.6, 2.12, 4(a), 5 and 16 to the consolidated financial statements.* The Group recognised contract revenue and direct costs of HK$137,802,000 and HK$135,980,000 respectively from construction contracts for the year ended 30 April 2018, and recorded the amounts due from customers on construction contracts and the amounts due to customers on construction contracts of HK$6,295,000 and HK$1,413,000 respectively as at 30 April 2018. The Group's revenue and direct costs of construction contracts are recognised by reference to the stage of completion of the construction contact at the end of the reporting period with reference to the progress certificates issued by the customers and their agents. They are significant to the consolidated financial statements as a whole and significant management's estimations and judgments required in estimating the contract revenue, contract costs and variation works which may have an impact on the stage of completion of the construction contracts and the corresponding profit taken.	Our procedures in relation to the construction contracts included: — understood the basis of estimation of the budgets through discussion with the management who are responsible for reviewing budgeted costs and budgeted revenue of the construction contracts, and evaluated the reasonableness of the estimated profit margins by taking into account of the profit margins of historical similar projects; — inspected the terms and conditions of construction contracts such as contract sum, construction period, performance obligations, payment schedule, retention and warranty clauses, etc.; — assessed and checked the accuracy of the budgeted construction revenue by agreeing to contracts sum or variation orders as set out in the construction contracts, the agreements entered with customers; — validated the percentage of completion adopted by the management to the position set out in the progress certificates issued by the customers or their agents, including the certified contract work and variation orders, if any, and examined, on a sample basis, the progress certificates issued by the customers or their agents and the actual costs incurred on construction works during the reporting period; — tested, on a sample basis, the contract costs incurred to date to supporting documents including the subcontractor payment certificates and suppliers' invoices, etc; and — assessed the appropriateness of the amounts due from/(to) customers for contract work and performed recalculation on percentage of completion, budgeted costs and gross profit. We found management's judgements and estimates used in accounting for construction contracts were supported by available evidence.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How the matter was addressed in our audit
Impairment of trade and retention receivables	
Refer to notes 2.4, 4(b) and 15 to the consolidated financial statements.	
As at 30 April 2018, the carrying amounts of the Group's trade receivables and retention receivables amounted to HK$13,992,000 and HK$9,474,000 respectively. The determination as to whether the receivables are collectable requires a high level of management judgment and estimates, whereby the management considers specific factors including the age of the balances, historical payment patterns and any other relevant information concerning the creditworthiness of the counterparties. Given the significant judgment and estimates used in assessing the provision for impairment of the receivables, the assessment of the recoverability of receivables is considered significant to our audit. Management concluded no provision for impairment of trade and retention receivables is recognised for the year ended 30 April 2018.	Our audit procedures in relation to trade and retention receivables included: — review, among others, the assessment of the Group's controls over the receivables collection process and assessment of provision for impairment at end of each reporting period. On a sample basis, we confirmed the receivable balances with the related counterparties directly in writing; — assessed the ageing of selected receivables by checking to the related supporting documentations; — evaluated management's judgment and estimates in assessing the recoverability of the receivables, taking into account the historical cash collection patterns, our knowledge of the business environment and industry benchmarks, especially for those aged and overdue receivables; and — checked the post year-end settlement up to the date of completing our audit. We found the management's assessment of impairment of trade and retention receivables is supported by the evidences.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2018 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagements and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

— conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

25 July 2018

Chan Tze Kit
Practising Certificate No.: P05707

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2018

	Notes	**2018 HK$'000**	2017 HK$'000
Revenue	5	**137,802**	148,571
Direct costs		**(135,980)**	(139,278)
Gross profit		**1,822**	9,293
Other income	6	**1,012**	3,074
Administrative expenses		**(13,480)**	(6,538)
Finance costs	7	**(12)**	(12)
(Loss)/Profit before income tax	8	**(10,658)**	5,817
Income tax expense	9	**(140)**	(1,250)
(Loss)/Profit and total comprehensive (expense)/ income for the year		**(10,798)**	4,567
		HK cents	HK cents
(Loss)/Earnings per share for (loss)/profit attributable to equity holders of the Company			
Basic and diluted	11	**(0.75)**	0.32

The notes on pages 67 to 109 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	13	**1,506**	362
Current assets			
Trade and other receivables	15	**71,856**	31,037
Amounts due from customers on construction contracts	16	**6,295**	7,979
Tax recoverable		**770**	2,313
Bank deposit with original maturity more than three months	17	**20,000**	–
Cash and bank balances	17	**19,115**	67,025
		118,036	108,354
Current liabilities			
Trade and other payables	18	**42,920**	17,021
Amounts due to customers on construction contracts	16	**1,413**	7,291
Amount due to a director	19	**2,261**	–
Obligation under finance leases	20	**23**	23
Tax payable		**–**	635
		46,617	24,970
Net current assets		**71,419**	83,384
Total assets less current liabilities		**72,925**	83,746
Non-current liabilities			
Obligation under finance leases	20	**27**	50
Net assets		**72,898**	83,696
Capital and reserves			
Share capital	21	**14,400**	14,400
Reserves		**58,498**	69,296
Total equity attributable to equity holders of the Company		**72,898**	83,696

Mr. Zhou Ying
Director

Ms. Meng Ying
Director

The notes on pages 67 to 109 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 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 2016	14,400	24,457	18,001	22,271	79,129
Profit and total comprehensive income for the year	–	–	–	4,567	4,567
Balance at 30 April 2017 and 1 May 2017	14,400	24,457	18,001	26,838	83,696
Loss and total comprehensive expense for the year	–	–	–	(10,798)	(10,798)
Balance at 30 April 2018	**14,400**	**24,457**	**18,001**	**16,040**	**72,898**

* The total amounts of these balances represent "Reserves" in the 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.

The notes on pages 67 to 109 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2018

	2018 HK$'000	2017 HK$'000
Operating activities		
(Loss)/Profit before income tax	**(10,658)**	5,817
Adjustments for:		
Interest income	**(90)**	(1,195)
Depreciation	**219**	171
Finance costs	**12**	12
Loss on disposal of available-for-sale financial assets	**–**	231
Gain on disposal of property, plant and equipment	**(63)**	(1,734)
Provision for annual leave	**–**	70
Operating (loss)/profit before working capital changes	**(10,580)**	3,372
Decrease in trade and other receivables	**4,181**	355
Decrease/(increase) in amounts due from customers on construction contracts	**1,684**	(232)
Increase/(decrease) in trade and other payables	**25,899**	(8,995)
(Decrease)/increase in amounts due to customers on construction contracts	**(5,878)**	4,269
Cash generated from/(used in) operations	**15,306**	(1,231)
Income tax refund/(paid)	**768**	(9,167)
Net cash generated from/(used in) operating activities	**16,074**	(10,398)
Investing activities		
Interest income	**90**	1,195
Purchase of available-for-sale financial assets	**–**	(33,530)
Purchase of property, plant and equipment	**(1,440)**	(116)
Proceeds from disposal of property, plant and equipment	**140**	1,734
Proceeds from disposal of available-for-sale financial assets	**–**	33,299
Decrease in pledged time deposits	**–**	25,038
Increase in bank deposit with original maturity more than three months	**(20,000)**	–
Increase in deposit paid	**(45,000)**	–
Net cash (used in)/generated from investing activities	**(66,210)**	27,620

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2018

	2018 **HK$'000**	2017 HK$'000
Financing activities		
Advance from a director	**2,261**	–
Repayment of capital element of finance leases	**(23)**	(23)
Interest element of finance leases	**(12)**	(12)
Net cash generated from/(used in) financing activities	**2,226**	(35)
Net (decrease)/increase in cash and cash equivalents	**(47,910)**	17,187
Cash and cash equivalents at beginning of year	**67,025**	49,838
Cash and cash equivalents at end of year represented by cash and bank balances	**19,115**	67,025

The notes on pages 67 to 109 are an integral part of the consolidated financial statements.

1. GENERAL INFORMATION

1.1 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 and its shares have been listed on the GEM of The Stock Exchange on 2 November 2015 (the "Listing"). Its immediate and ultimate holding companies are United Financial Holdings Group Limited ("United Financial Holdings") and Century Investment Holdings Limited ("Century Investment"), respectively. United Financial Holdings was incorporated in Hong Kong and holds 75% of issued shares of the Company. United Financial Holdings is 100% owned by Century Investment, a company incorporated in the Cayman Islands and is wholly owned by Mr. Zhou Ying ("Mr. Zhou") (the "Controlling Shareholder").

The controlling shareholder of the Company has been changed on 5 May 2017 after United Financial Holdings executed the sale and purchase agreement acquiring 1,080,000,000 ordinary shares of the Company (the "Share(s)"). Upon the close of the unconditional mandatory cash offer per announcement on 22 June 2017, United Financial Holdings held 1,081,010,000 Shares, constituting an aggregate of approximately 75% of the Company's total issued capital. For further details, please refer to the announcements of the Company dated 17 July 2017 and 22 June 2017 respectively, and the composite document of the Company dated 1 June 2017.

The addresses of the registered office and the principal place of business of the Company are Unit 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 in undertaking slope works, foundation works and other general building works in Hong Kong.

The consolidated financial statements for the year ended 30 April 2018 were approved for issue by the board of directors on 25 July 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These annual consolidated financial statements on pages 62 to 109 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange ("GEM Listing Rules").

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

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

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands ("HK$'000"), except when otherwise indicated.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant are disclosed in note 4 to the consolidated financial statements.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (collectively referred to as the "Group"). The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, investments in subsidiaries are carried at cost less any impairment loss (see note 2.5) unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the end of the reporting period. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2.5). Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation on other assets is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Plant and machinery	30%
Motor vehicles	30%
Leasehold improvements	25%
Furniture and fixtures	20%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial assets

The Group's accounting policies for financial assets other than investments in subsidiaries are set out below.

Financial assets are classified into available-for-sale financial assets and loans and receivables. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(ii) Available-for-sales financial assets

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sale financial assets.

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the available-for-sale financial assets revaluation reserve in equity, except for impairment losses (see the policy below) and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial assets (Continued)

(ii) Available-for-sales financial assets (Continued)

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

Impairment of financial assets

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

— Significant financial difficulty of the debtor;

— A breach of contract, such as a default or delinquency in interest or principal payments;

— It becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;

— The disappearance of an active market for that financial asset because of financial difficulties; and

— A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial assets (Continued)

Impairment of financial assets (Continued)

If any such evidence exists, the impairment loss is measures and recognised as follow:

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(ii) Available-for-sale financial assets carried at fair value

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Reversals in respect of investment in equity instruments classified as available-for-sale and stated at fair value are not recognised in the profit or loss. The subsequent increase in fair value is recognised in other comprehensive income. Impairment losses in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversal of impairment losses in such circumstances are recognised in profit or loss.

Impairment losses on financial assets other than trade and retention receivables that are stated at amortised cost, are written off against the corresponding assets directly. Where the recovery of trade and retention receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade and retention receivables is remote, the amount considered irrecoverable is written off against trade and retention receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Impairment of non-financial assets

Property, plant and equipment and the Company's investment in subsidiaries are subject to impairment testing. They are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest Group of assets that generate cash inflows independently (i.e., a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.6 Construction contracts

Construction contracts are contracts specifically negotiated for the construction of an asset or a combination of assets where the customer is able to specify the major structural elements of the design.

The Group's construction contracts are at fixed prices. The accounting policy for contract revenue is set out in note 2.12.

When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the reporting date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the reporting date are recorded in the consolidated statement of financial position at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented as "Amounts due from customers on construction contracts" (an asset) or "Amounts due to customers on construction contracts" (a liability). Progress billings not yet paid by customers are included in the consolidated statement of financial position under "Trade and other receivables".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.8 Financial liabilities

The Group's financial liabilities include trade and other payables, amount due to a director and finance lease liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Trade and other payables and amount due to a director

They are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see note 2.9).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to the consolidated statement of profit or loss and other comprehensive income on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments of such assets, are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligation under finance leases.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Leases (Continued)

Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognised in profit or loss on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

2.10 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

2.11 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Revenue recognition

Revenue comprises the fair value of the consideration received or receivables for the sale of services in the ordinary course of the Group's activities. Revenue is shown after eliminating sales within the Group.

(i) Contracting revenue

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract work is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is generally established according to the progress certificate (by reference to amount of completed works confirmed by customer or its agent) issued by the customer or its agent.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer or the outcome of which can be estimated reliably by management and are capable of being reliably measured.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

(ii) Consultancy income

Revenue from provision of consultancy services are recognised when the related services rendered to the customer.

2.13 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable profit, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable profit of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (1) when the existing temporary differences will reverse and (2) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

(a) profit or loss excluding reversals of temporary differences; and

(b) reversals of existing temporary differences.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Accounting for income taxes (Continued)

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.15 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker for their decisions about resources allocation to the Group's business components for their review of the performance of those components.

2.16 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person:

(i) has control or joint control over of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Related parties (Continued)

(b) the party is an entity and if any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group (if the Group is itself such a plan) and the sponsoring employers are also related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning or after 1 May 2017

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 May 2017:

Amendments to HKAS 7	Statement of Cash Flows: Disclosure Initiative
Amendments to HKAS 12	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014–2016 Cycle	Disclosure of Interests in Other Entities

Other than as noted below, the adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

Amendments to HKAS 7 "Statement of Cash Flows: Disclosure Initiative"

The amendments require an entity to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. A reconciliation between the opening and closing balances of liabilities arising from financing activities is set out in note 26. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 26, the application of these amendments has had no impact on the Group's consolidated financial statements.

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, the Group has not early adopted the following new and amended HKFRSs which are relevant to the Group's operations that have been issued but are not yet effective.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[3]
HKFRS 17	Insurance Contracts[4]
Amendments to HKFRS 2	Share-based Payment: Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or settlements[3]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[3]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[3]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[3]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective date not yet determined.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective for annual periods beginning on or after 1 January 2021.

The Group is in the process of making an assessment of the impact of these new and amended HKFRSs upon initial application. Currently it has been considered that adoption of them is unlikely to have an impact on the Group's results of operations and financial position, except for the following:

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

HKFRS 9 "Financial Instruments" ("HKFRS 9")

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 May 2018. Expected impacts of the new requirements on the Group's consolidated financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss ("FVTPL") and (3) fair value through other comprehensive income ("FVTOCI").

Based on a preliminary assessment, the Group expects that its financial assets currently measured at amortised cost will continue with their classification and measurements upon the adoption of HKFRS 9.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the Group on adoption of HKFRS 9.

(b) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. The Group has assessed that the change in policy is not likely to have significant impact on the Group's consolidated financial statements based on a preliminary assessment.

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

Issued but not yet effective HKFRSs (Continued)

HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15")

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The Group has started to assess the impact of HKFRS 15 and expects to apply HKFRS 15, in accordance with modified retrospective approach under which the cumulative effect of initially applying this standard recognised at the date of initial application (i.e. 1 May 2018). When applying HKFRS 15, the directors consider that an output method will be used in measuring the work progress and the directors do not anticipate that the application of HKFRS 15 will have a material impact on the Group's consolidated financial statements but will result in more disclosures to be made in the consolidated financial statements.

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

Issued but not yet effective HKFRSs (Continued)

HKFRS 16 "Leases" ("HKFRS 16")

HKFRS 16 "Leases" will replace HKAS 17 "Leases" ("HKAS 17") and three related Interpretations. Leases will be recorded on the consolidated statement of financial position in the form of a right-of-use asset and a lease liability. HKFRS 16 is effective from periods beginning on or after 1 January 2019. The director is yet to fully assess the impact of HKFRS 16 and therefore is unable to provide quantified information. However, in order to determine the impact the Group are in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under HKFRS 16's new definition.

- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices.

- assessing their current disclosures for finance leases (note 20) and operating leases (note 23) as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions assessing the additional disclosures that will be required.

The management of the Group confirms the adoption of HKFRS 16 would not result in a significant impact on the Group's financial position and performance. As at 30 April 2018, the operating lease commitments amounted to HK$11,524,000 and which will be required to be recognised in the consolidated financial statements as right-of-use assets and lease liabilities if HKFRS 16 would have been applied.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Construction contracts

As explained in notes 2.6 and 2.12, revenue recognition on a project is dependent on management's estimation of the total outcome of the construction contracts, with reference to the progress certificates issued by the customers and their agent. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders, prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgeted construction costs by comparing the budgeted amounts to the actual costs incurred.

Significant judgement is required in estimating the contract revenue, contract costs and variation work which may have an impact on percentage of completion of the construction contracts and the corresponding profit taken.

Management base their judgements of contract costs and revenues on the latest available information, which includes detailed contract valuations. In many cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenues are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. The estimates of contract costs and revenues are updated regularly and significant changes are highlighted through established internal review procedures. In particular, the internal reviews focus on the timing and recognition of payments and the age and recoverability of any unagreed income from variations to the contract scope or claims. The impact of the changes in accounting estimates is then reflected in the ongoing results.

The carrying amount of the amount due from/(to) customers on construction contracts as at 30 April 2018 is HK$6,295,000 (2017: HK$7,979,000) and HK$1,413,000 (2017: HK$7,291,000) respectively, as set out in note 16.

(b) Provision for impairment of trade and retention receivables

The Group determines the provision for impairment of trade and retention receivables. This estimate is based on the credit history of the customers and the current market condition. Management reassesses the adequacy of provision on a regular basis by reviewing the individual account based on past credit history and any prior knowledge of debtor insolvency or other credit risk which might not be easily accessible public information and market volatility might bear a significant impact which might not be easily ascertained.

As at 30 April 2018, no provision for impairment of trade and retention receivables has been made. Details of the trade and retention receivables are disclosed in note 15.

5. REVENUE

The Group's principal activities are disclosed in note 1.1 of the consolidated financial statements.

Revenue recognised for the years ended 30 April 2018 and 2017 are as follows:

	2018 **HK$'000**	2017 HK$'000
Contracting revenue	**137,802**	148,271
Consultancy fee	**–**	300
	137,802	148,571

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 slope, foundation and general building works 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.

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 for the years ended 30 April 2018 and 2017 are as follows:

	2018 **HK$'000**	2017 HK$'000
Slope works	**122,249**	125,060
Foundation works	**15,553**	20,986
General building works	**–**	2,225
Others	**–**	300
	137,802	148,571

5. REVENUE (CONTINUED)

Revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

	2018 HK$'000	2017 HK$'000
Customer A	**67,111**	78,827
Customer B	**39,135**	27,746
Customer C	**N/A***	15,268

* The corresponding revenue did not individually contribute over 10% of the Group's revenue during the year.

6. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Gain on disposal of property, plant and equipment	**63**	1,734
Interest income from available-for-sale financial assets	**–**	1,085
Bank interest income	**90**	110
Rental income from lease of machinery	**492**	11
Sundry income	**367**	134
	1,012	3,074

7. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest on finance leases	**12**	12

8. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/Profit before income tax is arrived at after charging/(crediting):

	2018 HK$'000	2017 HK$'000
(Loss)/Profit before tax is stated after charging/(crediting):		
(a) Staff costs (including directors' emoluments (note 12(a))		
Salaries, wages and other benefits	**4,444**	4,568
Contributions to defined contribution retirement plans	**130**	143
Staff costs (including directors' emoluments) (note (i))	**4,574**	4,711
(b) Other items		
Depreciation, included in:		
— Direct costs	**48**	115
— Administrative expenses:		
— Assets held under finance leases	**22**	33
— Owned assets	**149**	23
	219	171
Operating lease charges:		
— Land and buildings	**2,680**	384
Subcontracting charges (included in direct costs)	**134,057**	135,269
Auditor's remuneration	**662**	600
— Audit service	**500**	600
— Non-audit service	**162**	–
Loss on disposal of available-for-sale financial assets	**–**	231
Gain on disposal of property, plant and equipment	**(63)**	(1,734)

Note: (i) Staff costs (including directors' emoluments)

	2018 HK$'000	2017 HK$'000
Direct costs	**1,431**	2,302
Administrative expenses	**3,143**	2,409
	4,574	4,711

9. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year.

Provision for the PRC Corporate Income Tax are calculated at 25% of the estimated assessable profits for the year ended 30 April 2018 (2017: Nil).

	2018 **HK$'000**	2017 HK$'000
Provision for Hong Kong Profits Tax		
Current year	**160**	1,352
Over provision in respect of prior years	**(20)**	(102)
	140	1,250

The income tax expense for the year can be reconciled to the (loss)/profit before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018 **HK$'000**	2017 HK$'000
(Loss)/Profit before income tax	**(10,658)**	5,817
Notional tax on (loss)/profit before income tax, calculated at the rates applicable to profit in the tax jurisdictions concerned	**(1,768)**	960
Tax effect of expense not deductible for tax purpose	**1,905**	489
Tax effect of income not taxable	**(15)**	(119)
Temporary differences not recognised	**30**	(20)
Over provision in prior years	**(20)**	(102)
Other	**8**	42
Income tax expense for the year	**140**	1,250

At 30 April 2018, no deferred taxation has been provided as there are no significant unrecognised temporary differences (2017: Nil).

10. DIVIDENDS

No dividend was paid or proposed during the years ended 30 April 2018 and 2017, nor has any dividend been proposed since the end of the reporting period.

11. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share attributable to equity holders of the Company is based on the followings:

	2018 **HK$'000**	2017 HK$'000
(Loss)/Earnings		
(Loss)/Profit for the year attributable to equity holders of the Company for the purposes of basic (loss)/earnings per share	**(10,798)**	4,567

	2018 **'000**	2017 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**1,440,000**	1,440,000

There were no dilutive potential ordinary shares during both years and therefore, diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(a) Directors' and chief executive's emoluments

Emoluments of directors and chief executive disclosed pursuant to the GEM Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follow:

	Fee HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
2018				
Executive directors:				
Mr. Zhou (note a)	–	919	14	933
Ms. Meng Ying (note b)	–	198	8	206
Mr. Yu Shek Man Ringo (note c)	84	–	4	88
Ms. Wong So Wah (note d)	56	–	3	59
Non-executive director:				
Mr. Cheung Kin Keung Martin (note e)	38	–	–	38
Independent Non-executive directors:				
Mr. Zheng Xuchen (note f)	138	–	–	138
Mr. Wong Man Hin, Raymond (note f)	138	–	–	138
Mr. Tang Yiu Wing (note f)	138	–	–	138
Mr. Law Yiu Sing (note g)	38	–	–	38
Mr. Wong Kwok Chuen (note g)	38	–	–	38
Mr. Wong Law Fai (note g)	38	–	–	38
	706	1,117	29	1,852

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

(a) Directors' and chief executive's emoluments (Continued)

	Fee HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
2017				
Executive directors:				
Mr. Yu Shek Man Ringo	360	–	18	378
Ms. Wong So Wah	240	–	12	252
Non-executive director:				
Mr. Cheung Kin Keung Martin	150	–	–	150
Independent Non-executive directors:				
Mr. Law Yiu Sing	150	–	–	150
Mr. Wong Kwok Chuen	150	–	–	150
Mr. Wong Law Fai	150	–	–	150
	1,200	–	30	1,230

Notes:

(a) Mr. Zhou was appointed as an executive director, the chairman of the Board and the chief executive officer of the Company on 26 July 2017.

(b) Ms. Meng Ying was appointed as an executive director of the Company on 26 July 2017.

(c) Mr. Yu Shek Man Ringo resigned as an executive director, the chairman of the Board and the chief executive officer of the Company on 26 July 2017.

(d) Ms. Wong So Wah resigned as an executive director of the Company on 26 July 2017.

(e) Mr. Cheung Kin Keung Martin resigned as a non-executive director of the Company on 26 July 2017.

(f) Mr. Zheng Xuchen, Mr. Wong Man Hin, Raymond and Mr. Tang Yiu Wing were appointed as an independent non-executive director of the Company on 26 July 2017.

(g) Mr. Law Yiu Sing, Mr. Wong Kwok Chuen and Mr. Wong Law Fai resigned as an independent non-executive director of the Company on 26 July 2017.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals

For the year ended 30 April 2018, a director of the Group is among the five highest paid individuals (2017: one). The aggregate of the emoluments in respect of the remaining four (2017: four) highest paid individuals are as follows:

	2018 HK$'000	2017 HK$'000
Salaries, fee and allowances	**1,547**	1,929
Discretionary bonuses	**87**	355
Retirement scheme contributions	**50**	70
	1,684	2,354

The emoluments fell within the following bands:

	Number of individuals	
	2018	2017
Emolument bands		
Nil–HK$1,000,000	**4**	4

No directors or the five highest paid individuals received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 30 April 2018 (2017: Nil).

There were no arrangements under which a director waived or agreed or waive any remuneration during the year (2017: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Total HK$'000
Cost					
At 1 May 2016	2,463	5,025	659	–	8,147
Additions	–	109	7	–	116
Disposals	–	(3,891)	–	–	(3,891)
At 30 April 2017	2,463	1,243	666	–	4,372
As at 1 May 2017	**2,463**	**1,243**	**666**	**–**	**4,372**
Additions	**–**	**–**	**80**	**1,360**	**1,440**
Disposals	**–**	**(383)**	**–**	**–**	**(383)**
At 30 April 2018	**2,463**	**860**	**746**	**1,360**	**5,429**
Accumulated depreciation					
At 1 May 2016	(2,463)	(4,786)	(481)	–	(7,730)
Depreciation written back upon disposals	–	3,891	–	–	3,891
Charge for the year	–	(123)	(48)	–	(171)
At 30 April 2017	(2,463)	(1,018)	(529)	–	(4,010)
As at 1 May 2017	**(2,463)**	**(1,018)**	**(529)**	**–**	**(4,010)**
Depreciation written back upon disposals	**–**	**306**	**–**	**–**	**306**
Charge for the year	**–**	**(80)**	**(54)**	**(85)**	**(219)**
At 30 April 2018	**(2,463)**	**(792)**	**(583)**	**(85)**	**(3,923)**
Net book value					
At 30 April 2018	**–**	**68**	**163**	**1,275**	**1,506**
At 30 April 2017	–	225	137	–	362

As at 30 April 2018, furniture and fixtures with net book value of HK$52,000 (2017: HK$74,000) was held under finance leases (note 20).

14. INTERESTS IN SUBSIDIARIES

Particulars of the principal subsidiaries at 30 April 2018 and 2017 are as follows:

Company name	Place of incorporation	Issued ordinary share capital/ Registered capital	Equity interest attributable to the Group		Principal activities
			2018	2017	
Directly held					
True Sincere Group Limited	British Virgin Island ("BVI")	US$1 of 1 ordinary share	**100%**	100%	Investment holdings
Wealth Connect Global Limited *	BVI	US$1 of 1 ordinary share	**100%**	–	Investment holdings
Indirectly held					
Strong Move Global Limited	BVI	US$1 of 1 ordinary share	**100%**	100%	Investment holdings
Magic City Developments Limited	BVI	US$1 of 1 ordinary share	**100%**	100%	Investment holdings
Fraser Construction Company Limited	Hong Kong	HK$18,000,000 of 180,000 ordinary shares	**100%**	100%	Undertaking slope works, foundation works and other general building works in Hong Kong
Tubo Technology Construction Company Limited	Hong Kong	HK$1,000 of 1,000 ordinary shares	**100%**	100%	Provision of consultancy services in relation to the management of projects involving slop works, foundation works and/or other general building works in Hong Kong
Wealth Connect Hong Kong Limited *	Hong Kong	HK$100 of 100 ordinary shares	**100%**	–	Investment holdings
浙江富連資產管理有限公司*#	People's Republic of China ("PRC")	Renminbi ("RMB") 20,000,000	**100%**	–	Investment holdings

* Companies incorporated during the year.

\# The entity was established in the PRC and is wholly-owned foreign enterprise.

15. TRADE AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	**13,992**	20,373
Retention receivables	**9,474**	9,304
Other receivables and prepayments	**858**	678
Utility and other deposits	**47,532**	682
	71,856	31,037

Trade receivables

The Group usually provide customers with a credit term of 21–60 days (2017: 21–60 days). For the settlement of trade receivables from provision of construction 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.

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:

	2018 HK$'000	2017 HK$'000
0–30 days	**13,990**	20,311
31–60 days	**–**	11
61–90 days	**2**	16
Over 90 days	**–**	35
	13,992	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 provision for impairment has been recognised at 30 April 2018 and 2017.

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables (Continued)

Ageing of trade receivables which are past due but not impaired were as follows:

	2018 **HK$'000**	2017 HK$'000
Neither past due nor impaired	**13,990**	20,322
Less than 30 days past due	**–**	–
31–60 days past due	**2**	16
61–90 days past due	**–**	–
Over 90 days past due	**–**	35
	13,992	20,373

Trade receivables which were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Retention receivables

Retention receivables represents certified contract payments in respect of works performed, for which payments are withheld by customers for retention purposes, and the amount retained is withheld on each payment up to a maximum amount calculated on a prescribed percentage of the contract sum. No ageing analysis of retention receivables is presented as the retentions are released to the Group pursuant to the provision of the relevant contracts after the completion of the projects in question.

Retention receivables are interest-free and repayable approximately one year after the expiry of the defect liability period of construction projects.

No amounts in relation to other receivables were past due at 30 April 2018 and 2017.

Utility and other deposits

At 30 April 2018, the amount mainly represented deposit paid for acquisition of a potential project of HK$45,000,000. Details are set out in note 28 to the consolidated financial statements.

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

	2018 **HK$'000**	2017 HK$'000
Contract costs incurred plus recognised profits less recognised losses	**315,392**	576,624
Less: progress billings	**(310,510)**	(575,936)
Contract work-in-progress	**4,882**	688
Analysed for reporting purposes as:		
Amounts due from customers on construction contracts	**6,295**	7,979
Amounts due to customers on construction contracts	**(1,413)**	(7,291)
	4,882	688

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

At 30 April 2018, retentions held by customers for construction contracts in progress amounted to HK$9,474,000 (2017: HK$9,304,000).

17. CASH AND BANK BALANCES

	2018 **HK$'000**	2017 HK$'000
Cash at banks	**39,115**	2,025
Cash deposit (note (b))	**–**	65,000
Less: Non-pledged bank deposit with original maturity more than three months (note (c))	**(20,000)**	–
Cash and cash equivalents per the consolidated statement of cash flows	**19,115**	67,025

Notes:

(a) Cash at banks earns interest at floating rates based on daily bank deposit rates.

(b) Cash deposit represents the deposit at a securities company.

(c) At 30 April 2018, deposit with bank earns 0.8% interest per annum and have a maturity more than three months.

(d) Bank balances and cash of approximately HK$12,000 (2017: Nil) denominated in RMB are placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

18. TRADE AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Trade payables (note (a))	**10,815**	7,016
Retention payables (note (b))	**9,113**	7,706
Accruals and other payables (note (d))	**22,992**	2,299
	42,920	17,021

Notes:

(a) Payment terms granted by suppliers are 42–60 days (2017: 42–60 days) from the invoice date of the relevant purchases.

The ageing analysis of trade payables based on the invoice date is as follows:

	2018 HK$'000	2017 HK$'000
0–30 days	**10,773**	6,818
31–60 days	**–**	–
61–90 days	**–**	–
Over 90 days	**42**	198
	10,815	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$.

(d) Accruals and other payables included the amount due to a director of a subsidiary of HK$20,000,000. The balance outstanding at 30 April 2018 was unsecured, non-interest bearing and repayable on demand.

19. AMOUNT DUE TO A DIRECTOR

The amount due to a director at 30 April 2018 was unsecured, non-interest bearing and repayable on demand.

20. OBLIGATION UNDER FINANCE LEASES

As at 30 April 2018, the Group had obligations under finance leases repayable as follows:

	Total minimum lease payments		Present value of minimum lease payments	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**34**	34	**23**	23
In the second to fifth years inclusive	**41**	75	**27**	50
	75	109	**50**	73
Future finance charges	**(25)**	(36)		
Present value of finance lease liabilities	**50**	73		

Obligation under finance leases are effectively secured by the underlying assets as the rights to the leased assets would be reverted to the lessor in the event of default by repayment by the Group.

The Group has entered into finance leases for items of furniture and fixtures. The lease period is for 5 years. The Group has the option to purchase the leased assets which is expected to be sufficiently lower than the fair value of the leased assets at the end of the lease. None of the leases include contingent rentals.

21. CAPITAL AND RESERVES

Movements of the authorised and issued share capital of the Company for the year ended 30 April 2018 are as follows:

(a) Share capital

	2018		2017	
	Number of ordinary shares	**Nominal value of ordinary shares HK$'000**	Number of ordinary shares	Nominal value of ordinary shares HK$'000
Authorised:				
At beginning and at end of the year	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Issued and fully paid:				
At beginning and at end of the year	**1,440,000,000**	**14,400**	1,440,000,000	14,400

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Reserves

The reconciliation between the opening and closing balances of each component of the Group's equity is set out in the consolidated statement of changes in equity.

(c) Capital management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the gearing ratio. For this purpose total debt is defined as current and non-current obligation under finance leases and amount due to a director as shown in the consolidated statement of financial position. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

21. CAPITAL AND RESERVES (CONTINUED)

(c) Capital management (Continued)

The gearing ratio at the end of reporting period is as follows:

	2018 HK$'000	2017 HK$'000
Total debt:		
Obligation under finance leases	**50**	73
Amount due to a director	**2,261**	–
	2,311	73
Total equity	**72,898**	83,696
Gearing ratio	**3.2%**	0.1%

22. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2018 HK$'000	2017 HK$'000
ASSETS AND LIABILITIES		
Non-current asset		
Investments in subsidiaries	–	–
Current assets		
Other receivables	45,127	524
Amounts due from subsidiaries	10,000	–
Cash and bank balances	5,183	65,000
	60,310	65,524
Current liabilities		
Other payables	1,487	850
Amounts due to subsidiaries	2,204	–
Amount due to a director	430	–
	4,121	850
Net current assets	56,189	64,674
Net assets	56,189	64,674
CAPITAL AND RESERVES		
Share capital	14,400	14,400
Reserves	41,789	50,274
Total equity	56,189	64,674

Approved and authorised for issue by the board of directors on 25 July 2018:

Mr. Zhou Ying
Director

Ms. Meng Ying
Director

22. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: The movement of the Company's reserves are as follows:

	Share premium HK$'000	(Accumulated loss)/Retained earnings HK$'000	Total HK$'000
Balance at 1 May 2016	24,457	(4,222)	20,235
Profit and total comprehensive income for the year	–	30,039	30,039
Balance at 30 April 2017 and 1 May 2017	24,457	25,817	50,274
Loss and total comprehensive expense for the year	–	(8,485)	(8,485)
Balance at 30 April 2018	**24,457**	**17,332**	**41,789**

23. COMMITMENTS

(a) Capital commitments

Capital commitments outstanding as at 30 April 2018 not provided for in the consolidated financial statements are as follows:

	2018 HK$'000	2017 HK$'000
Contracted for		
Capital injection to a wholly-owned subsidiary	**24,856**	–

(b) Operating lease commitments

As lessee

At the reporting date, the Group had future aggregate minimum lease payment under non-cancellable operating leases in respect of land and building are as follows:

	2018 HK$'000	2017 HK$'000
Within one year	**4,860**	384
In the second to fifth years	**6,664**	384
	11,524	768

The Group leases a property under operating leases. The lease run for an initial period of three years, with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors. None of the lease includes contingent rentals.

24. RELATED PARTY TRANSACTIONS

(a) The following parties are identified as related parties of the Group:

Name	Relationship with the Group
Mr. Yu Shek Man Ringo (“Mr. Yu”)	One of the director of the subsidiary of the Group
Mars Glare Limited (“Mars Glare”)	A related company with interests owned by Mr. Yu Shek Man Ringo, one of the director of the subsidiary of the Group

(b) Key management personnel remuneration

The emoluments of the directors and senior management of the Company, who represent the key management personnel are as follows:

	2018 HK$’000	2017 HK$’000
Salaries, fee and allowances	**2,695**	2,173
Discretionary bonuses	**87**	290
Retirement benefit scheme contributions	**81**	84
	2,863	2,547

(c) Transactions with related parties

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with its related parties:

Name of related party	Nature	**2018 HK$’000**	2017 HK$’000
Mars Glare	Rent paid thereto (note (i))	**328**	384

Note:

(i) An office with car parking space was leased from Mars Glare during the year ended 30 April 2018 and 2017 on terms mutually agreed between both parties.

25. CONTINGENT LIABILITIES

At 30 April 2018 and 2017, the Group has been involved in a number of claims, litigations and potential claims against the Group regarding the employees’ compensation and common law personal injury. The directors are of the opinion that the claims and litigations are not expected to have a material impact on the consolidated financial statements, and the outcome for potential claims is uncertain. Accordingly, no provision has been made to the consolidated financial statements.

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Amount due to a director HK$'000	Finance leases liabilities HK$'000	Total HK$'000
At 1 May 2017	–	73	73
Cash-flows:			
Advance/(repayment)	2,261	(23)	2,238
At 30 April 2018	**2,261**	**50**	**2,311**

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations. The financial risks include interest rate risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the Board of Directors.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

27.1 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statements of financial position relate to the following categories of financial assets and liabilities:

	2018 HK$'000	2017 HK$'000
Financial assets		
Loans and receivables:		
— Trade and other receivables	**71,580**	30,513
— Cash and bank balances	**39,115**	67,025
	110,695	97,538
Financial liabilities		
At amortised costs:		
— Trade and other payables	**42,920**	17,021
— Amount due to a director	**2,261**	–
— Obligation under finance leases	**50**	73
	45,231	17,094

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

27.2 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. Obligations under finance leases and bank deposit with original maturity more than three months bearing fixed rates expose the Group to fair value interest rate risk and the exposure to the Group is considered immaterial.

The exposure to interest rate risk for the Group bank balances is considered immaterial.

27.3 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations. The Group's maximum exposure to credit risk on recognised financial assets is limited to the carrying amount as summarised in note 27.1.

In respect of trade and other receivables, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

At 30 April 2018, the Group has concentration of credit risk as 12% (2017: 6%), and 19% (2017: 17%) of the total trade and other receivables were due from the Group's largest customer and five largest customers respectively. The aggregate amounts of trade and other receivables from these customers amounted to HK$8,374,000 (2017: HK$6,058,000), and HK$13,474,000 (2017: HK$16,579,000) of the Group's total trade and other receivables at 30 April 2018.

27.4 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

Management monitors the cash flow forecasts of the Group in meeting its liabilities.

Analysed below is the Group's remaining contractual maturities for its non-derivative financial liabilities at the end of the reporting date. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

27.4 Liquidity risk (Continued)

The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

	On demand or within one year HK$'000	Over 1 year but within 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 30 April 2018				
Trade and other payables	**42,920**	**–**	**42,920**	**42,920**
Amount due to a director	**2,261**	**–**	**2,261**	**2,261**
Obligation under finance leases	**34**	**41**	**75**	**50**
	45,215	**41**	**45,256**	**45,231**
At 30 April 2017				
Trade and other payables	17,021	–	17,021	17,021
Obligation under finance leases	34	75	109	73
	17,055	75	17,130	17,094

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular, its cash resources and other liquid assets that readily generate cash. The Group's existing cash resources and other liquid assets significantly exceed the cash outflow requirements.

27.5 Fair value measurement

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost are not materially different from their fair values at the end of the reporting date due to their short maturities.

28. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Group entered into a sale and purchase agreement with an independent third party to acquire 100% issued share capital of Gain Link Enterprises Limited (the "Target Company") and its subsidiaries (the "Target Group"), at a total consideration of approximately HK$150,000,000 on 17 January 2018 and a deposit of HK$45,000,000 was paid to the Vendor during the year ended 30 April 2018. The Target Company is principally engaged in investment holdings. A company, established in the PRC with limited liability, will be indirectly owned by the Target Company immediately after the restructuring of the Target Group (the "Project Company"). The Project Company is principally engaged in construction, decoration and engineering in the PRC. Details please refer to the Company's announcement dated 17 January 2018.

The transaction was terminated on 25 May 2018. Pursuant to the Termination Agreement, all rights, obligations or duties created under the sale and purchase agreement shall be terminated with immediate effect. The Vendor and Vendor Guarantors have agreed to grant an exclusive right to the Company to negotiate with them for a restructured transaction for the acquisition of the Project Company and its business for a period of 90 calendar days commencing from the date of the Termination Agreement ("the Exclusivity Period"). The deposit of HK$45,000,000 shall be retained by the Vendor as a deposit until the expiration of the Exclusivity Period.

FINANCIAL SUMMARY

For the year ended 30 April 2018

A summary of the results and of the assets and liabilities of the Group for the last four financial years, as extracted from the audited financial statements in this annual report and the Prospectus of the Company, is as follows.

	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
Revenue	**137,802**	148,571	180,602	157,346
Cost of sales	**(135,980)**	(139,278)	(162,549)	(136,580)
Gross profit	**1,822**	9,293	18,053	20,766
Other income	**1,012**	3,074	331	1,682
Administrative expenses	**(13,480)**	(6,538)	(8,824)	(7,779)
Operating (loss)/profit	**(10,646)**	5,829	9,560	14,669
Finance costs	**(12)**	(12)	(87)	(68)
(Loss)/Profit before income tax	**(10,658)**	5,817	9,473	14,601
Income tax expense	**(140)**	(1,250)	(2,283)	(3,170)
(Loss)/Profit for the year	**(10,798)**	4,567	7,190	11,431
Other comprehensive income	**–**	–	–	–
Total comprehensive (expense)/income for the year	**(10,798)**	4,567	7,190	11,431
(Loss)/Profit attributable to equity holders of the Company	**(10,798)**	4,567	7,190	11,431
Total comprehensive (expense)/income attributable to equity holders of the Company	**(10,798)**	4,567	7,190	11,431
Assets and liabilities				
Total assets	**119,542**	108,716	114,432	74,924
Total liabilities	**(46,644)**	(25,020)	(35,303)	(31,842)
Net assets	**72,898**	83,696	79,129	43,082
Equity attributable to equity holders of the Company	**72,898**	83,696	79,129	43,082