联合控股

HK.08366

Zhejiang United Investment Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8366

Interim Report

2018

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

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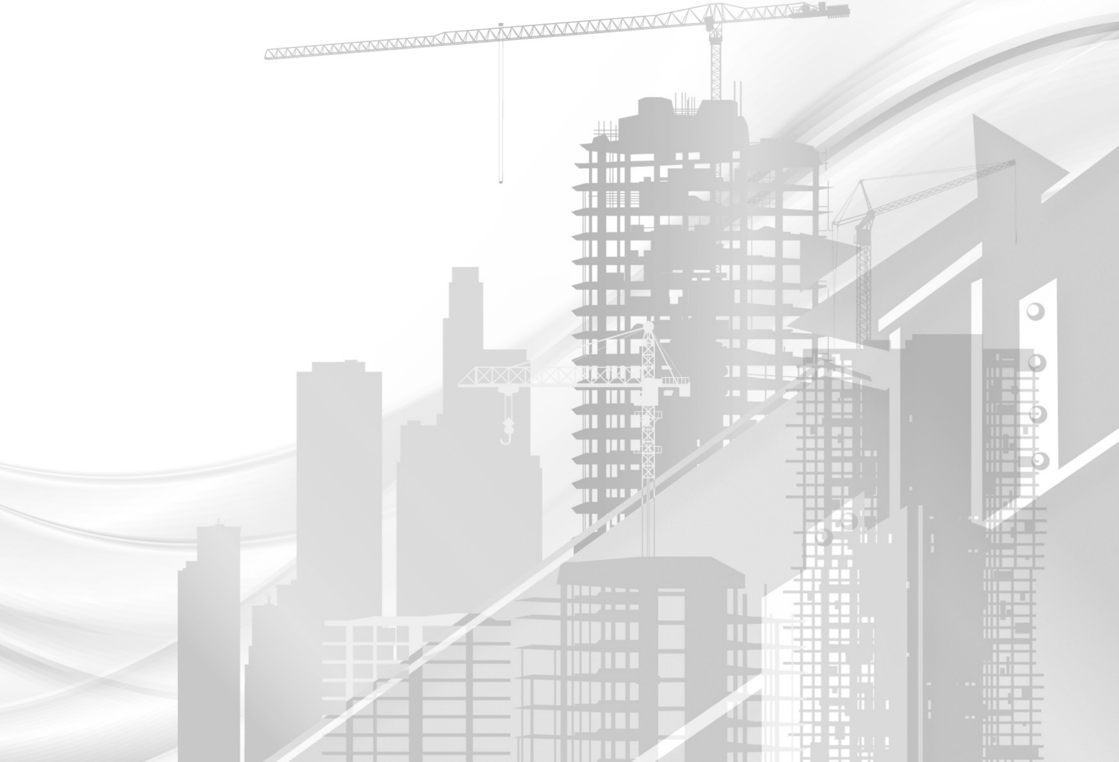

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK$69.7 million for the six months ended 31 October 2018 (the "**Reporting Period**") (2017: approximately HK$44.9 million), representing an increase of approximately 55.2% as compared with the corresponding period of last year.

- Loss attributable to equity holder of the Company for the six months ended 31 October 2018 amounted to approximately of HK$6.5 million (2017: approximately HK$1.7 million).

- Basic loss per share amounted to approximately of HK0.45 cents for the six months ended 31 October 2018 (2017: approximately HK0.12 cents).

- The Board does not recommend the payment of interim dividend for the six months ended 31 October 2018 (2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a contractor principally engaged in undertaking slope works, foundation works and other general building works in Hong Kong. Slope works generally refer to landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls. Foundation works are generally concerned with the construction of foundations. General building works mainly include the general construction of buildings. Fraser Construction Company Limited, our principal operating subsidiary, is an approved specialist contractor included in the List of Approved Specialist Contractors for Public Works maintained by the Development Bureau of the Government 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.

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.

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.

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**") pursuant to the Acquisition Agreement, the Vendor conditionally agreed to sell, and the Company conditionally agreed to acquire the entire equity interest of the Gain Link Enterprises Limited (the "**Target Company**") and its subsidiaries (collectively referred as the "**Target Group**") at the consideration of HK$150,000,000, satisfied by cash consideration of HK$45,000,000 as deposit and to be satisfied by share consideration of HK$105,000,000 with 198,113,208 new shares to be allotted and issued by the Company at HK$0.53 each (the "**Consideration Shares**").

The Target Group was undergoing a shareholding restructuring (the "**Restructure**"), Zhejiang Qian Xiang Construction Company Limited* (浙江千祥建設有限公司) (the "**Project Company**") would become a subsidiary of the Target Company upon completion of the Restructure. The Project Company is principally engaged in the business of construction, decoration and engineering in the People's Republic of China (the "**PRC**"). The Board considers that the acquisition of the Target Group enables the Group to expand into the PRC market given the Project Company mainly operates its construction projects in the PRC, thus provides an opportunity to the Group diversify and strengthen its business base and increase its profitability. Details of the Acquisition Agreement 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 (the "**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 the Supplemental Agreement are set out in the announcement of the Company dated 18 January 2018.

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 (the "**Termination Agreement**"). As the restructured transaction is not agreed and the exclusivity period has expired, the Vendor has refunded the deposit to the Company. Details of the Termination Agreement and update are set out in the announcements of the Company dated 25 May 2018, 29 August 2018 and 26 October 2018.

On 10 August 2018, a wholly-owned subsidiary of the Company and Zhejiang Guangcheng Construction Company Limited* (浙江廣誠建設有限公司) ("**Zhejiang Guangcheng**") entered into a joint venture agreement (the "**Joint Venture Agreement**"), pursuant to which the parties agreed to establish the joint venture company (the "**Joint Venture Company**") for the purpose of engaging in the construction engineering business in the PRC. The Joint Venture Company was established on 25 September 2018.

The Board considers that the formation of Joint Venture Company will enable the Group to expand into the construction engineering business in the PRC market which the Directors sees great potential and opportunities, especially the Joint Venture Company will be able to participate in the PRC construction industry through cooperation with Zhejiang Guangcheng. Furthermore, by partnering with Zhejiang Guangcheng, the Group can benefit from Zhejiang Guangcheng's extensive experience and resources in the construction projects in the PRC to establish its position in the PRC construction engineering industry, as well as given a transition period to the Group to adapt to the difference between Hong Kong and the PRC construction markets. The Directors believe that the formation of Joint Venture Company would be beneficial for the Group's development in the future and the Group will gradually operate independently in the PRC construction industry. Details of the Joint Venture Agreement are set out in the announcement of the Company dated 10 August 2018.

On 16 August 2018, a wholly-owned subsidiary of the Company entered into a cooperation agreement (the "**Cooperation Agreement**") with Zhejiang Cloud Parking Science and Technology Limited* (浙江雲泊科技有限公司) ("**Zhejiang Cloud Parking**") for the purpose of establishing the strategic cooperation relationship regarding underground parking garage projects.

The Directors are of the view that the Cooperation Agreement will provide stable income to the Group and at the same time bring long-term strategic values to the Group and allow the Group to step into the construction business in the PRC. The cooperation with Zhejiang Cloud Parking will create a platform for the Group to seize the opportunities of participating in underground parking garage projects in the PRC. This will also serve as a means for the Group to enhance the core competence and strengthen its position in the construction industry. Details of the Cooperation Agreement are set out in the announcements of the Company dated 16 August 2018 and 24 August 2018.

On 30 August 2018, the Company entered into a placing agreement ("**Placing Agreement**") with a placing agent ("**Placing Agent**"), pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, up to 288,000,000 placing shares to not less than six independent placees at the placing price of HK$0.26 per placing share.

The gross proceeds from the placing ("**Placing**") will be approximately HK$74.9 million and the net proceeds from the Placing (after deducting the placing commission for the Placing and other relevant expenses) will be approximately HK$73.3 million. The net proceeds from the Placing will be utilized for general working capital of the Group and financing the underground parking garage projects in the PRC in relation to the Cooperation Agreement. Details of the Placing are set out in the announcements of the Company dated 30 August 2018, 20 September 2018, 12 October 2018 and 26 October 2018.

On 30 November 2018, the Company and the Placing Agent entered into a termination agreement ("**Placing Termination Agreement**") and mutually agreed to terminate the Placing Agreement. Nevertheless, the Company will reactivate Share placing as and when appropriate after taking into account the future development of the Group and market conditions. Details of the Placing Termination Agreement are set out in the announcement of the Company dated 30 November 2018.

On 22 October 2018, the Company and Hangzhou Guohan Financial Holdings Group Limited* (杭州國瀚金融控股集團有限公司) (the "**Potential Subscriber**") entered into the letter of intent (the "**Letter of Intent**") in relation to the possible subscription of convertible bonds (the "**Convertible Bonds**") by the Potential Subscriber.

The principal amount of Convertible Bonds to be issued by the Company to the Potential Subscriber will be HK$50.0 million subject to negotiation on the conversion price and interest rate between the Company and the Potential Subscriber. If the possible subscription materialize, the formal agreement will be entered within 3 months from the date of the Letter of Intent.

The Directors consider that the issue of the Convertible Bond represents an opportunity to raise additional funds for the Company. The subscription of the Convertible Bonds will strengthen the Group's financial position to support further business development of the Group which is in line with its business strategies. Details of the Letter of Intent are set out in the announcements of the Company dated 22 October 2018.

Looking forward, the Group anticipates that the Hong Kong construction market will remain challenging with rising trend in subcontracting costs and intensive competition, which is expected to continue to place repeated pressure on our profit margin. To cope with the impact of this tough conditions, the Group has initiated to expand its construction business in the PRC after entering into the Joint Venture Agreement and the Cooperation Agreement as announced in August 2018. In the long run, the Group aims at extending its construction, building and related business in the PRC as well as the local Hong Kong market to enhance values to our shareholders. The Board considers that these strategic initiatives will enable the Group to broaden its income streams and asset base, thus contributing to future development and growth of the Group.

* English translated names are for identification purposes only

FINANCIAL REVIEW

Revenue

The Group's overall revenue increased by approximately HK$24.8 million or approximately 55.2% from approximately HK$44.9 million for the six months ended 31 October 2017 to approximately HK$69.7 million for the six months ended 31 October 2018. The increase in revenue was mainly due to the increase in revenue derived from undertaking slope works and foundation 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 during the six months ended 31 October 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 increased from approximately HK$41.6 million for the six months ended 31 October 2017 to approximately HK$56.4 million for the six months ended 31 October 2018, representing an increase of approximately 35.6%. The increase in revenue was primarily attributable to a higher amount of revenue from slope works projects of Lands Department for the six months ended 31 October 2018, which was due to the actual works progress under the relevant contracts.

Foundation works: Undertaking works in relation to the construction of foundations for general building construction. Revenue from undertaking foundation works increased from approximately HK$3.3 million for the six months ended 31 October 2017 to approximately HK$13.3 million for the six months ended 31 October 2018, as a result of the increase in the number and the contract size of foundation project undertaken by the Group during the six months ended 31 October 2018.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK$1.4 million or approximately 40% from approximately HK$3.5 million for the six months ended 31 October 2017 to approximately HK$2.1 million for the six months ended 31 October 2018 and the Group's gross profit margin decreased from approximately 7.77% for the six months ended 31 October 2017 to approximately 3.0% for the six months ended 31 October 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.

The Group's direct costs increased by approximately HK$26.3 million or approximately 63.5% from approximately HK$41.4 million for the six months ended 31 October 2017 to approximately HK$67.7 million for the six months ended 31 October 2018. Such increase was mainly attributable to the increase in amount of works performed resulting in the increase in our subcontracting charges.

Other Income

The Group's other income increased from less than HK$0.1 million for the six months ended 31 October 2017 to approximately HK$1.2 million for the six months ended 31 October 2018. The increase in the Group's other income mainly due to the non-recurring additional repayment from the Vendor and rental income from lease of machinery for the six months ended 31 October 2018 while no such items reported in corresponding period last year.

Administrative Expenses

The Group's administrative expenses increased by approximately HK$4.7 million or approximately 95.9% from approximately HK$4.9 million for the six months ended 31 October 2017 to approximately HK$9.6 million for the six months ended 31 October 2018. The increase in the Group's administrative expenses was primarily due to additional rent and rates of approximately HK$3.7 million incurred in relation to the offices of the Company in Hong Kong and in the PRC.

Net Loss

As a result of the foregoing combined effects of the above, the loss attributable to equity holders for the six months ended 31 October 2018 was approximately HK$6.5 million as compared to approximately HK$1.7 million for the six months ended 31 October 2017.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

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

As at 31 October 2018, the total equity amounted to approximately HK$64.7 million (as at 30 April 2018: approximately HK$72.9 million).

Cash position

As at 31 October 2018, the cash at banks and in hand of the Group amounted to approximately HK$36.2 million (as at 30 April 2018: approximately HK$39.1 million), representing a decrease of approximately HK$2.9 million as compared to that as at 30 April 2018.

Charges over Assets of the Group

As at 31 October 2018, 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$38,000 (as at 30 April 2018: approximately HK$50,000).

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

Gearing ratio

As at 31 October 2018, the gearing ratio of the Group was approximately 0.2% (as at 30 April 2018: approximately 3.2%). The gearing ratio is calculated as total debt divided by the total equity as the respective reporting date. Total debt includes amount due to a director and obligations under finance leases.

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

Capital Commitments

As at 31 October 2018, the Group had material capital commitments of HK$353.9 million (as at 30 April 2018: approximately HK$24.9 million) in respect of capital injection to PRC subsidiaries.

Foreign Exchange Risk

The Group's assets and liabilities are mainly denominated in Hong Kong dollars and Renminbi which are the functional currencies of respective group companies. The Group has not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

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

The Company has entered into the following material investment agreements during the six months ended 31 October 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. As the restructured transaction is not agreed and the exclusivity period has expired, the Vendor has refunded the deposit to the Company. Details of the Termination Agreement and update are set out in the announcements of the Company dated 25 May 2018, 29 August 2018 and 26 October 2018.

On 10 August 2018, a wholly-owned subsidiary of the Company and Zhejiang Guangcheng entered into a Joint Venture Agreement, pursuant to which the parties agreed to establish the Joint Venture Company for the purpose of engaging in the construction engineering business in the PRC. The Joint Venture Company was established on 25 September 2018. Details of the Joint Venture Agreement are set out in the announcement of the Company dated 10 August 2018.

On 16 August 2018, a wholly-owned subsidiary of the Company entered into a Cooperation Agreement with Zhejiang Cloud Parking for the purpose of establishing the strategic cooperation relationship regarding underground parking garage projects. Details of the Cooperation Agreement are set out in the announcements of the Company dated 16 August 2018 and 24 August 2018.

Save as disclosed above, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 31 October 2018.

Contingent Liabilities

As at 31 October 2018, the Group had no material contingent liabilities (as at 30 April 2018: Nil).

Employees and Remuneration Policy

The Group had 55 employees (including executive Directors) as at 31 October 2018 (as at 30 April 2018: 53 employees). Remuneration is determined with reference to market terms and the performance, qualifications and experience of the individual employee. Remuneration includes monthly salaries, performance linked bonuses, retirement benefits schemes and other allowance and benefits.

Comparison of Business Objectives with Actual Business Progress

	Business objectives as stated in the Prospectus	Actual business progress up to 31 October 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 slop work when suitable opportunities arise. Undertake more projects should the Company 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 six months ended 31 October 2018 to satisfy the working capital requirement.
Further strengthening our manpower	Recruit additional staff to cope with our 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 undertaking projects and continue to sponsor staff to attend seminars and training courses.

Use of Proceeds from the Placing

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

	Planned use of proceeds as stated in the Prospectus up to 30 April 2018 HK$'million	**Actual use of proceeds up to 31 October 2018** HK$'million
Satisfying various working capital requirements in relation to undertaking more projects	25.77	25.77
Further strengthening our manpower	5.53	4.34
	31.30	30.11

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

DISCLOSURE OF INTERESTS

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

As at 31 October 2018, the interests and short positions of the Directors and chief executive of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as to the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long position in the Company's Shares

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

Note:

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

(ii) Long position in the shares of associated corporations

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

Note:

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

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

As at 31 October 2018, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO:

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

OTHER INFORMATION

COMPETING INTERESTS

None of the Directors, the controlling shareholders and substantial shareholders, neither themselves nor their respective associates (as defined in the GEM Listing Rules) had held any position or had interest in any businesses or companies that were or might be materially competing with the business of the Group, or gave rise to any concern regarding conflict of interests during the six months ended 31 October 2018.

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

During the six months ended 31 October 2018 and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

CORPORATE GOVERNANCE CODE

During the six months ended 31 October 2018 and up to the date of this report, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules save for the deviation from code provision A.2.1 explained below.

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

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of provisions of conduct regarding securities transactions by the Directors the ("**Code of Conduct**") on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the six months ended 31 October 2018 and up to the date of this report.

DIVIDENDS

The Board did not recommend any payment of dividend for the six months ended 31 October 2018 (2017: Nil).

SHARE OPTION SCHEME

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

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 October 2018.

AUDIT COMMITTEE

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

The Audit Committee had reviewed the unaudited condensed consolidated results of the Group for the six months ended 31 October 2018 with the management and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

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

Hong Kong, 7 December 2018

The board (the "**Board**") of Directors of the Company is pleased to present the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the three months and six months ended 31 October 2018 together with the comparative figures for the corresponding periods in 2017.

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

FOR THE THREE AND SIX MONTHS ENDED 31 OCTOBER 2018

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2018	2017	**2018**	2017
		HK$'000	HK$'000	**HK$'000**	HK$'000
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	*4*	**43,861**	24,725	**69,730**	44,868
Direct costs		**(42,550)**	(22,828)	**(67,659)**	(41,380)
Gross profit		**1,311**	1,897	**2,071**	3,488
Other income	*4*	**1,040**	82	**1,200**	115
Administrative expenses		**(5,014)**	(2,722)	**(9,613)**	(4,874)
Finance costs	*5*	**(3)**	(3)	**(6)**	(6)
Loss before income tax	*6*	**(2,666)**	(746)	**(6,348)**	(1,277)
Income tax expense	*7*	**(200)**	(235)	**(200)**	(445)
Loss for the period		**(2,866)**	(981)	**(6,548)**	(1,722)
Other comprehensive expense for the period, net of tax					
Items that may be reclassified subsequently to profit loss:					
— Exchange differences on translation of financial statements of PRC subsidiary		**(396)**	–	**(1,628)**	–
Loss and total comprehensive expense for the period		**(3,262)**	(981)	**(8,176)**	(1,722)
		HK cents	HK cents	**HK cents**	HK cents
Loss per share for loss attributable to equity holders of the Company					
— Basic and diluted	*9*	**(0.20)**	(0.07)	**(0.45)**	(0.12)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 31 OCTOBER 2018

	Notes	As at 31 October 2018 HK$'000 (Unaudited)	As at 30 April 2018 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*10*	**1,945**	1,506
Current assets			
Inventories	*11*	**13,266**	–
Trade and other receivables	*12*	**68,525**	71,856
Contract assets	*13*	**5,772**	–
Amounts due from customers on construction contracts	*13*	**–**	6,295
Tax recoverable		**1,046**	770
Bank deposit with original maturity more than three months		**–**	20,000
Cash and bank balances		**36,172**	19,115
		124,781	118,036
Current liabilities			
Trade and other payables	*14*	**55,491**	42,920
Contract liabilities	*13*	**6,363**	–
Amounts due to customers on construction contracts	*13*	**–**	1,413
Amount due to a director		**112**	2,261
Obligations under finance leases	*15*	**23**	23
		61,989	46,617
Net current assets		**62,792**	71,419
Total assets less current liabilities		**64,737**	72,925

	Notes	As at 31 October 2018 HK$'000 (Unaudited)	As at 30 April 2018 HK$'000 (Audited)
Non-current liabilities			
Obligations under finance leases	*15*	**15**	27
Net assets		**64,722**	72,898
Equity			
Share capital	*16*	**14,400**	14,400
Reserves		**50,322**	58,498
Total equity		**64,722**	72,898

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 OCTOBER 2018

	Share capital HK$'000	Share premium* HK$'000	Merger reserve* HK$'000 (Note)	Exchange reserve* HK$'000	Retained earnings* HK$'000	Total HK$'000
At 1 May 2017	14,400	24,457	18,001	–	26,838	83,696
Loss and total comprehensive expense for the period	–	–	–	–	(1,722)	(1,722)
At 31 October 2017 (unaudited)	14,400	24,457	18,001	–	25,116	81,974
At 1 May 2018	14,400	24,457	18,001	–	16,040	72,898
Loss for the period	–	–	–	–	(6,548)	(6,548)
Other comprehensive expenses for the period						
— Exchange differences on translation of financial statements of PRC subsidiary	–	–	–	(1,628)	–	(1,628)
Total comprehensive expense for the period	–	–	–	(1,628)	(6,548)	(8,176)
At 31 October 2018 (unaudited)	14,400	24,457	18,001	(1,628)	9,492	64,722

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 OCTOBER 2018

	For the six months ended 31 October	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Operating activities		
Net cash (used in)/generated from operating activities	**(107)**	23,682
Investing activities		
Interest income	**81**	–
Proceeds from disposal of property, plant and equipment	**–**	140
Purchase of property, plant and equipment	**(751)**	–
Decrease in bank deposit with original maturity more than three months	**20,000**	–
Net cash generated from investing activities	**19,330**	140
Financing activities		
Repayment to a director	**(2,149)**	–
Repayment of capital element of finance leases	**(12)**	–
Interest element of finance leases	**(6)**	(6)
Net cash used in financing activities	**(2,167)**	(6)
Net increase in cash and cash equivalents	**17,056**	23,816
Cash and cash equivalents at beginning of the period	**19,115**	67,025
Effect of foreign exchange rate changes	**1**	–
Cash and cash equivalents at end of period represented by cash and bank balances	**36,172**	90,841

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Zhejiang United Investment Holdings Group Limited (the "**Company**") was incorporated in the Cayman Islands on 20 May 2015 as an exempted company with limited liability and its shares have been listed on the GEM of The Stock Exchange on 2 November 2015. 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.

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.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 October 2018 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of the GEM Listing Rules. The accounting policies adopted by the Group are consistent with financial statements for the year ended 30 April 2018.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual consolidated financial statements for the year ended 30 April 2018, except for the adoption of new accounting policies as a result of the adoption of the new and amended Hong Kong Financial Reporting Standards ("**HKFRSs**") as set out below:

(i) Adoption of new and amended HKFRSs

In addition to the adoption of the following amendments to HKFRSs that have become effective for accounting period beginning on 1 May 2018 and are relevant to the Group:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2017 Cycle
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

The Group has applied all the other amendments, which are mandatory for the financial year beginning 1 May 2018.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Adoption of new and amended HKFRSs *(Continued)*

Other than as noted below, the adoption of these newly effective HKFRSs has no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented. For those which are not yet effective and have not been early adopted by the Group, the Group is in the process of assessing their impact on the Group's results and financial position.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Adoption of new and amended HKFRSs *(Continued)*

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

(a) Classification and measurement (continued)

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 will 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Adoption of new and amended HKFRSs *(Continued)*

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 and the related clarification to HKFRS 15 (hereinafter referred to as "**HKFRS 15**") presents new requirements for the recognition of revenue, replacing HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue-related Interpretations. HKFRS 15 establishes a single comprehensive model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or overtime. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

1. Identify the contract(s) with customer

2. Identify the performance obligations in the contract

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, the Group 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Adoption of new and amended HKFRSs *(Continued)*

HKFRS 15 Revenue from Contracts with Customers (Continued)

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods and services that are substantially the same. In determining the performance obligations, the Group considers whether the customer benefits from the good and service on its own and whether it is distinct in the context of the contract. Factors considered by the Group indicate the goods and services are not separately identifiable would include:

- Whether a significant service of integrating the goods or services with other goods or services promised in the contract into a bundle of goods or services that represent the combined output or outputs for which the customer has contracted;
- Whether one or more of the goods or services significantly modifies or customises, or are significantly modified or customised by, one or more of the other goods or services promised in the contract;
- the goods or services are highly interdependent or highly interrelated. In other words, each of the goods or services is significantly affected by one or more of the other goods or services in the contract.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Adoption of new and amended HKFRSs *(Continued)*

HKFRS 15 Revenue from Contracts with Customers (Continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group provides slope works, foundation works and other several building works under contracts with customers which are entered into before the services begin. Under the terms of the contracts, the Group's performance creates and enhances an asset that the customer controls which referred as the designated areas where the services performed. Revenue from provision of services is therefore recognised over time. The progress towards complete satisfaction of a performance obligation in the services is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services. The value of the services transferred to customer to date is measured according to the progress certificate (by reference to the construction works certified by the customers or their agents).

HKFRS 15 has been applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained profits at 1 May 2018. In accordance with the transition guidance, HKFRS 15 has only been applied to contracts that are incomplete as at 1 May 2018.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Adoption of new and amended HKFRSs *(Continued)*

HKFRS 15 Revenue from Contracts with Customers (Continued)

There was no material impact of transition to HKFRS 15 on retained earnings at 1 May 2018. In summary, the following reclassification was made to the amounts recognised in the condensed consolidated statement of financial position at the date of initial application (1 May 2018):

	Carrying amount on 30 April 2018 under HKAS 18 HK$'000	Reclassification HK$'000	Carrying amount on 1 May 2018 under HKFRS 15 HK$'000
Current assets			
Amounts due from customers on construction contracts	**6,295**	**(6,295)**	**–**
Contract assets	**–**	**6,295**	**6,295**
Current liabilities			
Amounts due to customers on construction contracts	**1,413**	**(1,413)**	**–**
Contract liabilities	**–**	**1,413**	**1,413**

The adoption of HKFRS 15 has no material impact on the Group's condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Issued but not yet effective HKFRSs

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 15) and operating leases (note 17) 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 31 October 2018, the operating lease commitments amounted to approximately HK$8,672,000 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. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

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

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

	Three months ended 31 October		Six months ended 31 October	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Contracting revenue	**43,831**	24,725	**69,700**	44,868
Consultancy fee	**30**	–	**30**	–
Revenue	**43,861**	24,725	**69,730**	44,868

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

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

An analysis of the Group's revenue and contribution to profit from operating activities from undertaking slope works, foundation works and other general building works in Hong Kong in the ordinary course of business during the three months and six months ended 31 October 2018 and 2017 are as follows:

	Three months ended 31 October		Six months ended 31 October	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Slope works	**34,687**	23,227	**56,355**	41,550
Foundation works	**9,144**	1,498	**13,345**	3,318
Others (note)	**30**	–	**30**	–
	43,861	24,725	**69,730**	44,868

Note: Others represent consultancy fee income derived from the provision of consultancy services in relation to construction projects.

An analysis of other income is as follows:

	Three months ended 31 October		Six months ended 31 October	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Gain on disposal of property, plant and equipment	**–**	63	**–**	63
Rental income from lease of machinery	**399**	–	**519**	–
Interest income	**41**	1	**81**	1
Sundry income	**600**	18	**600**	51
	1,040	82	**1,200**	115

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

Information about major customers

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

	Three months ended 31 October		Six months ended 31 October	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Civil Engineering and Development Department	**13,201**	13,511	**23,781**	20,727
Lands Department	**20,157**	8,409	**28,869**	15,737
Customer A	**5,292**	N/A[1]	**N/A[1]**	N/A[1]

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended 31 October		Six months ended 31 October	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Interest on:				
— obligation under finance leases wholly repayable within 5 years	**3**	3	**6**	6

6. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	Three months ended 31 October		Six months ended 31 October	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Staff costs (including directors' emoluments)				
— salaries, allowances and benefits in kind	**1,373**	1,470	**2,682**	2,503
— retirement benefits scheme contributions	**42**	30	**77**	72
Total staff costs	**1,415**	1,500	**2,759**	2,575
Depreciation in respect of plant and equipment				
— leased assets	**5**	6	**11**	11
— owned assets	**160**	33	**301**	77
	165	39	**312**	88
Operating lease charges:				
— Land and buildings	**1,846**	96	**3,799**	192
Subcontracting charges (included in direct costs)	**42,270**	22,282	**67,094**	40,158
Net foreign exchange loss	**589**	–	**167**	–

7. INCOME TAX EXPENSE

	Three months ended 31 October		Six months ended 31 October	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Provision for Hong Kong Profits Tax:				
— current period	**200**	235	**200**	445

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

The Group's subsidiaries established in the PRC is subject to Enterprise Income Tax of the PRC at a statutory rate of 25% during each of the periods.

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

8. DIVIDEND

The Directors do not recommend a payment of an interim dividend for the six months ended 31 October 2018 (2017: Nil).

9. LOSS PER SHARE

The calculation of basic loss per share attributable to equity holders of the Company is based on the following:

	Three months ended 31 October		Six months ended 31 October	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss				
Loss for the period attributable to equity holders of the Company for the purpose of basic loss per share	**2,866**	981	**6,548**	1,722

	Three months ended 31 October		Six months ended 31 October	
	2018	2017	**2018**	2017
	'000	'000	**'000**	'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,440,000**	1,440,000	**1,440,000**	1,440,000

The calculation basis of loss per share for the three and six months ended 31 October 2018 are based on the loss attributable to the equity holders of the Company.

There were no dilutive potential ordinary shares during both periods and therefore, diluted loss per share is the same as the basic loss per share.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 October 2018, the Group paid approximately HK$743,000 (2017: Nil) and HK$8,000 (2017: Nil) on acquisitions of a motor vehicle and furniture and fixtures in Hong Kong, respectively.

11. INVENTORIES

	As at 31 October 2018 HK$'000 (Unaudited)	As at 30 April 2018 HK$'000 (Audited)
Raw materials	**13,266**	–

12. TRADE AND OTHER RECEIVABLES

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

	As at 31 October 2018 HK$'000 (Unaudited)	As at 30 April 2018 HK$'000 (Audited)
Trade receivables	**7,609**	13,992
Retention receivables	**10,412**	9,474
Other receivables and prepayments	**31,756**	858
Utility and other deposits	**18,748**	47,532
	68,525	71,856

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables

The Group usually provide customers with a credit term of 21–60 days (as at 30 April 2018: 21–60 days). For the settlement of trade receivables from provision of services, the Group usually reaches an agreement on the term of each payment with the customer by taking into account of factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management.

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

	As at 31 October 2018 HK$'000 (Unaudited)	As at 30 April 2018 HK$'000 (Audited)
0–30 days	**7,609**	13,990
31–60 days	**–**	–
61–90 days	**–**	2
Over 90 days	**–**	–
	7,609	13,992

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

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

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 31 October 2018 and 30 April 2018.

Other receivables and prepayments

At 31 October 2018, other receivables and prepayments included (i) advance for material costs for garage projects of approximately HK$26,225,000 (equivalent to RMB23,300,000) and (ii) amount due from 浙江聯合中小企業控股集團有限公司 of approximately HK$1,486,000 (equivalent to approximately RMB1,320,000) in which Mr. Zhou Ying and Ms. Meng Ying, directors of the Company, have 100% beneficial interest in this company. The maximum balance outstanding during the period was approximately HK$2,989,000 (equivalent to approximately RMB2,550,000) and the balance outstanding at 31 October 2018 was unsecured, non-interest bearing and repayable on demand.

Utility and other deposits

At 31 October 2018, the balance mainly included a deposit of approximately HK$16,883,000 (equivalent to RMB15,000,000) for the first batch project cooperation agreement(s) of the garage projects under the cooperation agreement.

13. CONTRACT ASSETS/ CONTRACT LIABILITIES/AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONSTRUCTION CONTRACTS

	As at 31 October 2018 HK$'000 (Unaudited)	As at 30 April 2018 HK$'000 (Audited)
Contracts in progress at the end of the reporting periods:		
Contract costs incurred plus recognised profits less recognised losses	**378,449**	315,392
Less: progress billings	**(379,040)**	(310,510)
Contract work-in-progress	**(591)**	4,882
Analysed for reporting purposes as:		
Amounts due from customers on construction contracts	**–**	6,295
Amounts due to customers on construction contracts	**–**	(1,413)
Contract assets	**5,772**	–
Contract liabilities	**(6,363)**	–
	(591)	4,882

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

14. TRADE AND OTHER PAYABLES

	As at 31 October 2018 HK$'000 (Unaudited)	As at 30 April 2018 HK$'000 (Audited)
Trade payables	**1,965**	10,815
Retention payables	**11,243**	9,113
Accruals and other payables	**42,283**	22,992
	55,491	42,920

Payment terms granted by suppliers are 42–60 days (as at 30 April 2018: 42–60 days) from the invoice date of the relevant purchases.

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

	As at 31 October 2018 HK$'000 (Unaudited)	As at 30 April 2018 HK$'000 (Audited)
0–30 days	**1,923**	10,773
31–60 days	**–**	–
61–90 days	**–**	–
Over 90 days	**42**	42
	1,965	10,815

(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) At 31 October 2018, accruals and other payables included the amount due to a director of a subsidiary of HK$40,000,000 (as at 30 April 2018: HK$20,000,000). The balance outstanding was unsecured, non-interest bearing and repayable on demand.

15. OBLIGATIONS UNDER FINANCE LEASES

	Total minimum lease payments		Present value of minimum lease payment	
	As at 31 October 2018 HK$'000 (Unaudited)	As at 30 April 2018 HK$'000 (Audited)	**As at 31 October 2018 HK$'000 (Unaudited)**	As at 30 April 2018 HK$'000 (Audited)
Within one year	**34**	34	**23**	23
In the second to fifth years inclusive	**23**	41	**15**	27
	57	75	**38**	50
Future finance charges	**(19)**	(25)		
Present value of finance lease liabilities	**38**	50		

The Group's office equipment with an aggregate net book value of approximately HK$40,000 as at 31 October 2018 are secured.

16. SHARE CAPITAL

	The Company Number of ordinary shares	Share capital HK$'000
Authorised:		
At 30 April 2018 and 1 May 2018 and 31 October 2018	**2,000,000,000**	20,000
Issued and fully paid:		
At 30 April 2018 and 1 May 2018 and 31 October 2018	**1,440,000,000**	14,400

17. COMMITMENTS

(a) Capital commitments

Capital commitments outstanding as at 31 October 2018 and 30 April 2018 not provided for in the consolidated financial statements are as follows:

	As at 31 October 2018 HK$'000 (Unaudited)	As at 30 April 2018 HK$'000 (Audited)
Contracted for		
Capital injection to PRC subsidiaries:		
浙江富連資產管理有限公司	**2,725**	24,856
杭州公浩建設有限公司	**13,506**	–
浙江中紓貿易有限公司	**337,662**	–
	353,893	24,856

17. COMMITMENTS (CONTINUED)

(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:

	As at 31 October 2018 HK$'000 (Unaudited)	As at 30 April 2018 HK$'000 (Audited)
Within one year	**4,360**	4,860
In the second to fifth years	**4,312**	6,664
	8,672	11,524

The Group leases a property under operating leases. The lease run for an initial period of one to 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.

18. CONTINGENT LIABILITIES

At 31 October 2018 and 30 April 2018, 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.

19. 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:

	Six months ended 31 October	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Salaries, fee and allowances	**1,831**	508
Discretionary bonuses	**–**	–
Retirement benefit scheme contributions	**50**	15
	1,881	523

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(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	Six months ended 31 October 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Mars Glare	Rent paid thereto (note (i))	**108**	96

Note:

(i) An office with car parking space was leased from Mars Glare during the period ended 31 October 2018 and 2017 on terms mutually agreed between both parties.

20. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

On 30 August 2018, the Company entered into a placing agreement ("**Placing Agreement**") with a placing agent ("**Placing Agent**"), pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, up to 288,000,000 placing shares to not less than six independent placees at the placing price of HK$0.26 per placing share. The gross proceeds from the placing ("**Placing**") will be approximately HK$74.9 million and the net proceeds from the Placing (after deducting the placing commission for the Placing and other relevant expenses) will be approximately HK$73.3 million. The net proceeds from the Placing will be utilized for general working capital of the Group and financing the underground parking garage projects in the PRC in relation to the cooperation agreement.

On 30 November 2018, the Company and the Placing Agent entered into a termination agreement and mutually agreed to terminate the Placing Agreement.

20. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD (CONTINUED)

On 22 October 2018, the Company and Hangzhou Guohan Financial Holdings Group Limited* (杭州國瀚金融控股集團有限公司) (the "**Potential Subscriber**") entered into the letter of intent (the "**Letter of Intent**") in relation to the possible subscription of convertible bonds (the "**Convertible Bonds**") by the Potential Subscriber.

The principal amount of Convertible Bonds to be issued by the Company to the Potential Subscriber will be HK$50.0 million subject to negotiation on the conversion price and interest rate between the Company and the Potential Subscriber. If the possible subscription materialize, the formal agreement will be entered within 3 months from the date of the Letter of Intent.