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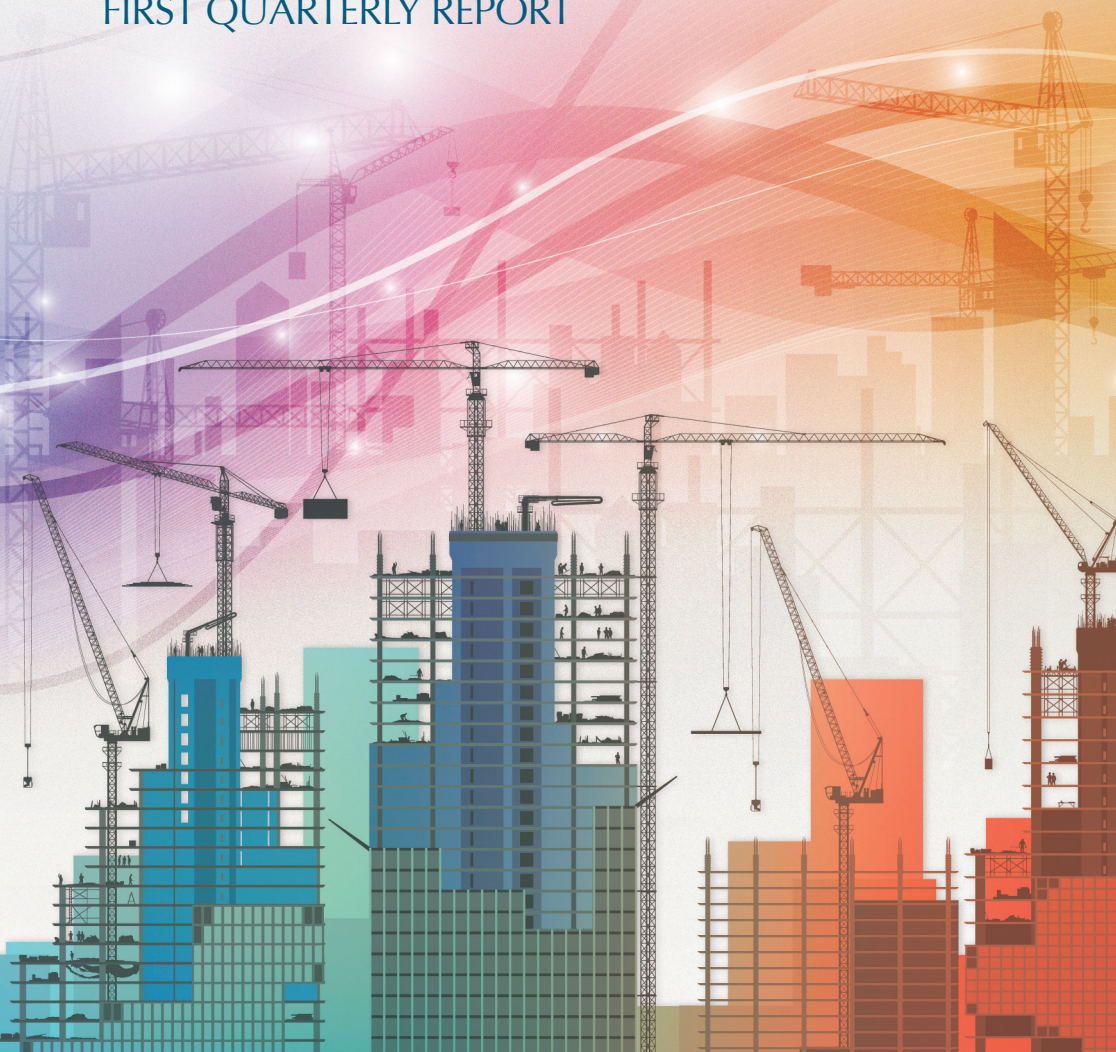
Zhejiang United Investment Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8366

2019

FIRST QUARTERLY REPORT



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.

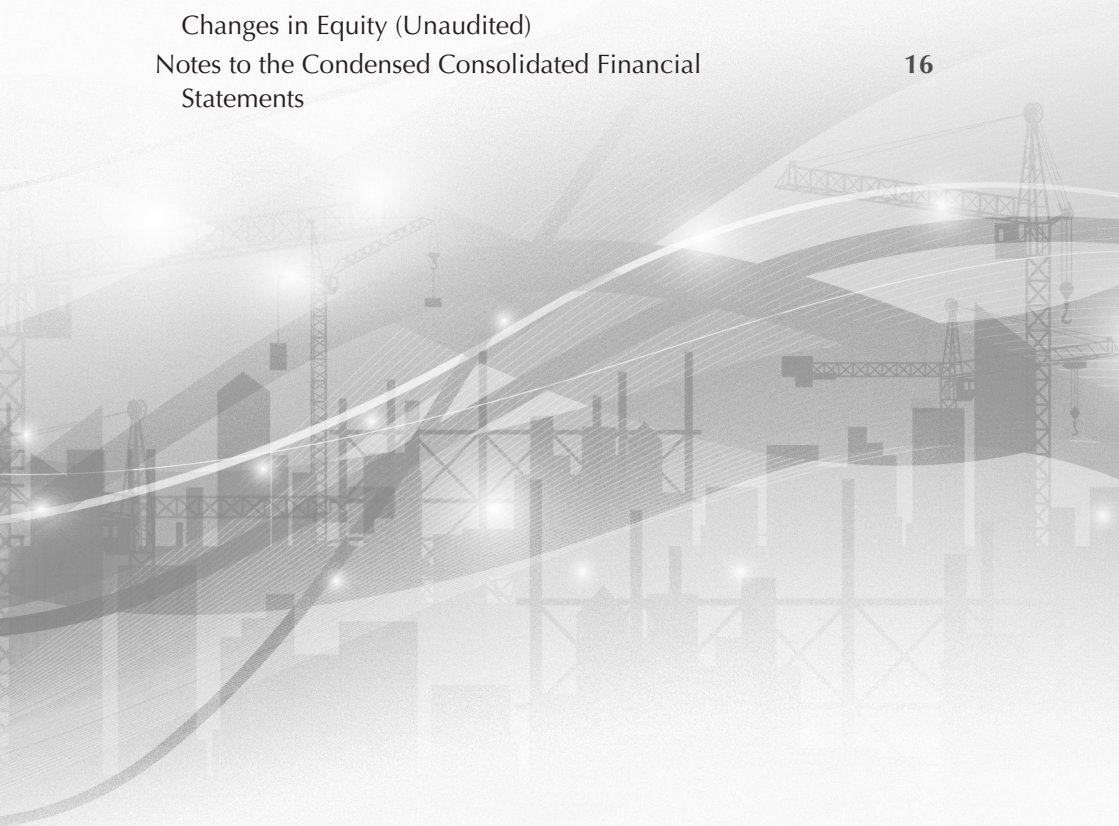
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*This report, for which the directors (the “**Director(s)**”) of Zhejiang United Investment Holdings Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules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

CONTENTS

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



FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK\$36.1 million for the three months ended 31 July 2019 (the “**Reporting Period**”) (2018: approximately HK\$25.9 million), representing an increase of approximately 39.5% as compared with the corresponding period of last year.
- Loss attributable to equity holders of the Company for the three months ended 31 July 2019 amounted to approximately HK\$3.3 million (2018: approximately HK\$3.7 million).
- Basic loss per share amounted to approximately HK0.21 cents for the three months ended 31 July 2019 (2018: approximately HK0.26 cents).
- The Board does not recommend the payment of dividend for the three months ended 31 July 2019 (2018: 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 4 April 2019, the Company has entered into a letter of intent with Hengji Weiye Investment Development Group Co., Ltd. (“**Hengji**”)* (恒基偉業投資發展集團有限公司) for the purpose of, inter alia, possible strategic cooperation regarding establishing a joint venture company to develop special equipment based on fifth generation wireless communication technology (“**5G Network Technology**”). During the period ended 31 July 2019, a joint venture company was formed in the People’s Republic of China (the “**PRC**”).

On 24 May 2019, the Company entered into relevant license and service agreements with a large world-renowned IC chip supplier to redevelop softwares and become one of the pioneers engaged in the mass production of 5G Mobile Broadband (“**5G MBB**”) products.

On 31 May 2019, the Company has entered into a strategic cooperation framework agreement with an independent party, Beijing Baicells Technology Co. Ltd.* (北京佰才邦技術有限公司) (the “**Beijing Baicells**”), which is principally engaged in the business of technology services in the PRC.

For the above mentioned projects, please refer to the Company’s voluntary announcement dated 4 April 2019, 24 May 2019 and 31 May 2019 accordingly for more details.

On 24 April 2019, the Company entered into a 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 137,200,000 placing shares to not less than six independent placees at the placing price of HK\$0.365 per placing share.

The gross proceeds from the placing (“**Placing**”) was approximately HK\$50.1 million and the net proceeds from the Placing (after deducting the placing commission for the Placing and other relevant expenses) was approximately HK\$49.0 million. The net proceeds from the Placing will be utilized for general working capital of the Group and financing the expansion of the 5G business, the future expansion of the existing construction business and future business opportunity. The Placing was completed 8 May 2019. Details of the Placing are set out in the announcement of the Company dated 8 May 2019.

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. In order to enhance and diversify the Group's business prospect, the Group is seeking or suitable opportunities (including acquisitions or cooperation opportunities) in the telecommunication industry especially in developing 5G Network Technology and related services. Due to the popularity of mobile communications, the Group is optimistic about the prospects of the telecommunication industry and hope that the telecom business can become one of the core businesses of the Group. In the long run, the Group aims at extending its construction, building telecommunication especially in 5G Network Technology 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.

FINANCIAL REVIEW

Revenue

The Group's overall revenue increased by approximately HK\$10.2 million or approximately 39.5% from approximately HK\$25.9 million for the three months ended 31 July 2018 to approximately HK\$36.1 million for the three months ended 31 July 2019. 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 three months ended 31 July 2019 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\$21.7 million for the three months ended 31 July 2018 to approximately HK\$31.8 million for the three months ended 31 July 2019, representing an increase of approximately 46.7%. The increase in revenue was primarily attributable to a higher numbers of slope works projects participated for the three months ended 31 July 2019.

Foundation works: Undertaking works in relation to the construction of foundations for general building construction. Revenue from undertaking foundation works slightly increased from approximately HK\$4.2 million for the three months ended 31 July 2018 to approximately HK\$4.3 million for the three months ended 31 July 2019, representing an increase of approximately 2.3%.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK\$0.3 million or approximately 34.6% from approximately HK\$0.8 million for the three months ended 31 July 2018 to approximately HK\$0.5 million for the three months ended 31 July 2019 and the Group's gross profit margin decrease from approximately 2.9% for the three months ended 31 July 2018 to approximately 1.4% for the three months ended 31 July 2019. 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\$10.5 million or approximately 41.7% from approximately HK\$25.1 million for the three months ended 31 July 2018 to approximately HK\$35.6 million for the three months ended 31 July 2019. 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 approximately HK\$0.6 million for the three months ended 31 July 2018 to approximately HK\$0.8 million for the three months ended 31 July 2019. The increase in the Group's other income mainly due to the increase in sundry income for the three months ended 31 July 2019 while no such items reported in corresponding period last year.

Administrative Expenses

The Group's administrative expenses decrease by approximately HK\$0.5 million or approximately 10.8% from approximately HK\$5.0 million for the three months ended 31 July 2018 to approximately HK\$4.5 million for the three months ended 31 July 2019. The decrease in the Group's administrative expenses was primarily due to the decrease in legal and professional fee.

Net Loss

As a result of the foregoing combined effects of the above, the loss attributable to equity holders for the three months ended 31 July 2019 was approximately HK\$3.3 million as compared to approximately HK\$3.7 million for the three months ended 31 July 2018.

DISCLOSURE OF INTERESTS

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

As at 31 July 2019, the interests and short positions of the Directors or chief executive of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as to the 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	1,080,000,000	68.48%

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 July 2019, 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	68.48%
Century Investment Holdings Limited	Interest of a controlled corporation	1,080,000,000	68.48%

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 three months ended 31 July 2019.

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

During the three months ended 31 July 2019 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.

DISCLOSURE OF CHANGES IN INFORMATION OF DIRECTOR

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, change in Directors' information since the date of the Annual Report 2019 is set out below:

Mr. Tsui Chung Ho ("**Mr. Tsui**") has been appointed as an independent non-executive Director, a member of audit committee and the chairman of each of remuneration committee and legal compliance committee of the Company, with effect from 31 August 2019.

Given that Mr. Tsui has been appointed as an independent non-executive Director, a member of audit committee and the chairman of each of remuneration committee and legal compliance committee of the Company with effect from 31 August 2019, (i)the Company has three independent non-executive Directors, and is in compliance with the requirements under Rule 5.05 of the GEM Listing Rules; (ii)the audit committee of the Company is comprised of three members, and is in compliance with the requirements under Rule 5.28 of the GEM Listing Rules; and (iii)the remuneration committee of the Company is chaired by an independent non-executive Director, and is in compliance with the requirements under Rule 5.34 of the GEM Listing Rules.

CORPORATE GOVERNANCE CODE

During the three months ended 31 July 2019 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 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.

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 majority 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 three months ended 31 July 2019 and up to the date of this report.

DIVIDENDS

The Board did not recommend any payment of dividend for the three months ended 31 July 2019 (2018: Nil).

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 option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 July 2019.

AUDIT COMMITTEE

The Company established the Audit Committee on 14 October 2015 with written terms of reference and amended with effect from 1 January 2019 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. Tsui Chung Ho. 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 three months ended 31 July 2019 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, 10 September 2019

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 ended 31 July 2019 together with the comparative figures for the corresponding period in 2018.

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

FOR THE THREE MONTHS ENDED 31 JULY 2019

	Notes	For the three months ended 31 July	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	3	36,089	25,869
Direct costs		(35,592)	(25,109)
Gross profit		497	760
Other income	3	831	582
Administrative expenses		(4,530)	(5,021)
Finance costs	4	(96)	(3)
Loss before income tax	6	(3,298)	(3,682)
Income tax expense	5	—	—
Loss for the period		(3,298)	(3,682)
Other comprehensive expense for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
— Exchange differences on translation of financial statements of PRC subsidiary		(344)	(1,232)
Loss and total comprehensive expense for the period		(3,642)	(4,914)
		HK cents	HK cents
Loss per share for loss attributable to equity holders of the company			
— Basic and diluted	8	(0.21)	(0.26)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE THREE MONTHS ENDED 31 JULY 2019

	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 2019	14,400	24,457	18,001	(1,027)	7,221	63,052
Loss for the period	-	-	-	-	(3,298)	(3,298)
Other comprehensive expenses for the period						
— Exchange differences on translation of financial statements of PRC subsidiary	-	-	-	(344)	-	(344)
Total comprehensive expense for the period	-	-	-	(344)	(3,298)	(3,642)
Placing of new shares	1,372	48,706	-	-	-	50,078
Share issuing expenses	-	(1,032)	-	-	-	(1,032)
At 31 July 2019 (unaudited)	15,772	72,131	18,001	(1,371)	3,923	108,456
At 1 May 2018	14,400	24,457	18,001	-	16,040	72,898
Loss for the period	-	-	-	-	(3,682)	(3,682)
Other comprehensive expenses for the period						
— Exchange differences on translation of financial statements of PRC subsidiary	-	-	-	(1,232)	-	(1,232)
Total comprehensive expense for the period	-	-	-	(1,232)	(3,682)	(4,914)
At 31 July 2018 (unaudited)	14,400	24,457	18,001	(1,232)	12,358	67,984

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

NOTES TO THE 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 68.48% 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 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 financial statements of the Group for the three months ended 31 July 2019 have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited. Except for the adoption of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial period beginning 1 May 2019, the accounting policies adopted by the Group are consistent with financial statements for the year ended 30 April 2019.

The Group has initially applied HKFRS 16 Leases at 1 May 2019. Under the transaction methods comparative information is not restated.

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

3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

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

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

	Three months ended 31 July	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Contracting revenue	<u>36,089</u>	<u>25,869</u>
Revenue	<u>36,089</u>	<u>25,869</u>

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

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

An analysis of the Group's revenue and contribution to profit from operating activities from undertaking slope works, foundation works and other general building works in Hong Kong in the ordinary course of business during the three months ended 31 July 2019 and 2018 are as follows:

	Three months ended 31 July	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Slope works	31,792	21,668
Foundation works	4,297	4,201
	36,089	25,869

An analysis of other income is as follows:

	Three months ended 31 July	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net foreign exchange gain	–	422
Rental income from lease of machinery	–	120
Interest income	51	40
Sundry income	780	–
	831	582

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

Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the total revenue of the Group during the Reporting Period are as follows:

	Three months ended 31 July	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	5,894	10,580
Customer B	21,021	8,712
Customer C	3,936	N/A ¹
Customer D	3,662	N/A ¹

¹ The corresponding revenue did not individually contribute over 10% of the Group's revenue during the period.

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended 31 July	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on finance leases	3	3
Imputed interest on lease liability	93	–
	96	3

5. INCOME TAX EXPENSE

	Three months ended 31 July	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)

Current tax — Hong Kong:

— charge for the period

—	—
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Hong Kong Profits Tax has been provided at the rate of 16.5% (2018: 16.5%) on the Company's estimated assessable profits for the period.

No provision for Hong Kong Profits Tax has been made for the period ended 31 July 2019, since there were no assessable profits in Hong Kong.

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

6. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	Three months ended 31 July	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)

Staff costs (including directors' emoluments)

— salaries, allowances and benefits in kind

1,496	1,309
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— retirement benefits scheme contributions

42	35
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Total staff costs

1,538	1,344
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6. LOSS BEFORE INCOME TAX (CONTINUED)

	Three months ended 31 July	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Loss before income tax for the period has been arrived at after charging:		
Depreciation in respect of plant and equipment		
— leased assets	6	6
— owned assets	173	141
Depreciation in respect of right of use assets	1,149	—
	<u>1,328</u>	<u>147</u>
Operating lease charges:		
— Land and buildings	—	1,953
Rental expenses in respect of short-term lease	96	—
Subcontracting charges (included in direct costs)	35,280	24,824
	<u>35,280</u>	<u>24,824</u>

7. DIVIDEND

The Directors do not recommend a payment of dividend for the three months ended 31 July 2019 (2018: Nil).

8. 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 July	
2019	2018
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

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

Loss

Loss for the period attributable to equity holders of the Company for the purpose of basic loss per share

3,298	3,682
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Three months ended 31 July	
2019	2018
'000	'000
(Unaudited)	(Unaudited)

Number of shares

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

1,565,270	1,440,000
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The calculation basis of loss per share for the three months ended 31 July 2019 is based on the loss attributable to equity holders of the Company and the weighted average number of ordinary shares for the purpose of basic loss per share.

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.