



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 2019



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

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

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

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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\$66.0 million for the six months ended 31 October 2019 (the “**Reporting Period**”) (2018: approximately HK\$69.7 million), representing a decrease of approximately 5.3% as compared with the corresponding period of last year.
- Loss attributable to equity holder of the Company for the six months ended 31 October 2019 amounted to approximately of HK\$16.6 million (2018: approximately HK\$6.5 million).
- Basic loss per share amounted to approximately of HK1.06 cents for the six months ended 31 October 2019 (2018: approximately HK0.45 cents).
- The Board does not recommend the payment of interim dividend for the six months ended 31 October 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.

In order to enhance and diversify the Group's business prospect, during the period ended 31 October 2019, the Group is engaged in the telecommunication industry especially in developing 5G communication and related services. Due to the popularity of mobile communications, the Group is optimistic about the prospects of the telecommunication industry.

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.

On 19 September 2019, the Company entered into a non-legally binding memorandum of understanding with an independent party who has solid experience on developing drones in relation to, among other things, the proposed formation of a joint venture company for the purpose conducting, operating and investing into the projects of synchronizing the fifth-generation cellular network technology with virtual reality streaming drones.

For the above mentioned projects, please refer to the Company's voluntary announcement dated 24 May 2019, 31 May 2019 and 19 September 2019 accordingly for more details.

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.

\* English translated names are for identification purposes only

## FINANCIAL REVIEW

### Revenue

The Group's overall revenue decreased by approximately HK\$3.7 million or approximately 5.3% from approximately HK\$69.7 million for the six months ended 31 October 2018 to approximately HK\$66.0 million for the six months ended 31 October 2019. The decrease in revenue was mainly due to the decrease in revenue derived from undertaking foundation works, as further discussed below.

**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\$56.4 million for the six months ended 31 October 2018 to approximately HK\$59.1 million for the six months ended 31 October 2019, representing an increase of approximately 4.9%. The increase in revenue was attributable to a higher amount of revenue from slope works projects of Lands Department for the six months ended 31 October 2019, 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 decreased from approximately HK\$13.3 million for the six months ended 31 October 2018 to approximately HK\$6.9 million for the six months ended 31 October 2019, as a result of the decrease in the number and the contract size of foundation project undertaken by the Group during the six months ended 31 October 2019.

### Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK\$1.7 million or approximately 82.8% from approximately HK\$2.1 million for the six months ended 31 October 2018 to approximately HK\$0.4 million for the six months ended 31 October 2019 and the Group's gross profit margin decreased from approximately 3.0% for the six months ended 31 October 2018 to approximately 0.5% for the six months ended 31 October 2019. The decrease in gross profit margin was mainly due to the decrease in the number and the contract size 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 decreased by approximately HK\$2.0 million or approximately 2.9% from approximately HK\$67.7 million for the six months ended 31 October 2018 to approximately HK\$65.7 million for the six months ended 31 October 2019. Such decrease was mainly attributable to the decrease in amount of works performed resulting in the decrease in projects participation.

### **Other Income**

The Group's other income decreased from HK\$1.2 million for the six months ended 31 October 2018 to approximately HK\$0.9 million for the six months ended 31 October 2019. The decrease in the Group's other income mainly due to absent of the rental income from lease of machinery in the six months ended 31 October 2019.

### **Administrative Expenses**

The Group's administrative expenses increased by approximately HK\$8.3 million or approximately 82.1% from approximately HK\$9.6 million for the six months ended 31 October 2018 to approximately HK\$17.9 million for the six months ended 31 October 2019. The increase in the Group's administrative expenses was primarily due to share-based payment expenses of approximately HK\$8.0 million in relation to the grant of share options as disclosed in the Company's announcement dated 23 September 2019.

### **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 2019 was approximately HK\$16.6 million as compared to approximately HK\$6.5 million for the six months ended 31 October 2018.

## **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

### **Capital structure**

The shares of the Company were successfully listed on the GEM on 2 November 2015. As at 31 October 2019, the issued share capital of the Company was increased from 1,440,000,000 ordinary shares of HK\$0.01 each (the "Shares") to 1,577,200,000 Shares as a result of the issuance of 137,200,000 new Shares on 8 May 2019 pursuant to the completion of the placing of new shares. Details of issuance of shares are set out in the sections headed "Placing of New Shares under General Mandate" below. The share capital of the Group only comprises of ordinary shares.



As at 31 October 2019, the total equity amounted to approximately HK\$102.4 million (as at 30 April 2019: approximately HK\$63.1 million).

### **Cash position**

As at 31 October 2019, the cash at banks and in hand of the Group amounted to approximately HK\$36.3 million (as at 30 April 2019: approximately HK\$33.7 million), representing an increase of approximately HK\$2.6 million as compared to that as at 30 April 2019.

### **Charges over Assets of the Group**

As at 31 October 2019, 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\$15,000 (as at 30 April 2019: approximately HK\$27,000).

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

### **Gearing ratio**

As at 31 October 2019, the gearing ratio of the Group was approximately 4.3% (as at 30 April 2019: approximately 1.9%). The gearing ratio is calculated as total debt divided by the total equity as the respective reporting date. Total debts includes amount due to a director, lease liabilities 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**

The Group had no material capital commitment as at 31 October 2019 and 30 April 2019.

### **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**

Save as disclosed in this interim report, the Group did not have other plans for material investments or capital assets as of 31 October 2019.

### Placing of New Shares under General Mandate (“Placing”)

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 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.

During the six months ended 31 October 2019, the net proceed was subsequently used as follows:

<b>Net proceeds raised as at 31 October 2019</b>	<b>Intended use of the Unutilised Proceeds</b>	<b>Actual use the Unutilised Proceeds during the six months ended 31 October 2019</b>
HK\$49 million (the “ <b>Unutilised Proceeds</b> ”)	HK\$19 million — general working capital	HK\$9 million — general working capital
	HK\$10 million — 5G business	HK\$10 million — 5G business
	HK\$20 million — construction business	HK\$ Nil — construction business

The remaining proceeds is expected to be utilised in the 2020.

### Contingent Liabilities

As at 31 October 2019, the Group had no material contingent liabilities (as at 30 April 2019: Nil).

### Employees and Remuneration Policy

The Group had 49 employees (including executive Directors) as at 31 October 2019 (as at 30 April 2019: 59 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.

## DISCLOSURE OF INTERESTS

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

As at 31 October 2019, 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	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 October 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 six months ended 31 October 2019.

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

During the six months ended 31 October 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:

Ms. Lai Pik Chi Peggy has been appointed as an independent non-executive Director, member of each of audit committee, remuneration committee, nomination committee and legal compliance committee of the Company with effect from 19 November 2019.

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 six months ended 31 October 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 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 2019 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 2019 (2018: 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.

On 23 September 2019, the Company has granted share options under the Scheme to certain eligible grantees which, subject to acceptance by the grantees, will enable the grantees to subscribe for an aggregate of 60,000,000 ordinary shares of the Company of HK\$0.01 each in the share capital of the Company as stated in the announcement of the Company dated 23 September 2019. As at 31 October 2019, there were 60,000,000 options outstanding in relation to the grant of share options on 23 September 2019 under the Scheme.

## **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 Ms. Lai Pik Chi Peggy, 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 six months ended 31 October 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 and Executive Director*

Hong Kong, 10 December 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 and six months ended 31 October 2019 together with the comparative figures for the corresponding periods in 2018.

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

FOR THE THREE AND SIX MONTHS ENDED 31 OCTOBER 2019

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	<b>29,942</b>	43,861	<b>66,031</b>	69,730
Direct costs		<b>(30,083)</b>	(42,550)	<b>(65,675)</b>	(67,659)
Gross (loss) profit		<b>(141)</b>	1,311	<b>356</b>	2,071
Other income	4	<b>70</b>	1,040	<b>901</b>	1,200
Administrative expenses		<b>(13,379)</b>	(5,014)	<b>(17,909)</b>	(9,613)
Finance costs	5	<b>(77)</b>	(3)	<b>(173)</b>	(6)
Loss before income tax	6	<b>(13,527)</b>	(2,666)	<b>(16,825)</b>	(6,348)
Income tax expense	7	<b>-</b>	(200)	<b>-</b>	(200)
Loss for the period		<b>(13,527)</b>	(2,866)	<b>(16,825)</b>	(6,548)
Other comprehensive expense for the period, net of tax					
<i>Items that may be reclassified subsequently to profit loss:</i>					
— Exchange differences on translation of financial statements of foreign operations		<b>(514)</b>	(396)	<b>(861)</b>	(1,628)
Total comprehensive expense for the period		<b>(14,041)</b>	(3,262)	<b>(17,686)</b>	(8,176)



	Notes	For the three months ended		For the six months ended	
		31 October		31 October	
		2019	2018	2019	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to:					
Owners of the Company		<b>(13,332)</b>	(2,866)	<b>(16,630)</b>	(6,548)
Non-controlling interests		<b>(195)</b>	–	<b>(195)</b>	–
		<b>(13,527)</b>	(2,866)	<b>(16,825)</b>	(6,548)
Total comprehensive loss attributable to:					
Owners of the Company		<b>(13,845)</b>	(3,262)	<b>(17,490)</b>	(8,176)
Non-controlling interests		<b>(196)</b>	–	<b>(196)</b>	–
		<b>(14,041)</b>	(3,262)	<b>(17,686)</b>	(8,176)
		<b>HK cents</b>	HK cents	<b>HK cents</b>	HK cents
Loss per share for loss attributable to equity holders of the Company					
— Basic and diluted	9	<b>(0.85)</b>	(0.20)	<b>(1.06)</b>	(0.45)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 31 OCTOBER 2019

	Notes	As at 31 October 2019 HK\$'000 (Unaudited)	As at 30 April 2019 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	<u>5,540</u>	<u>1,809</u>
<b>Current assets</b>			
Trade and other receivables	11	<b>108,067</b>	78,264
Contract assets		<b>23,976</b>	23,186
Tax recoverable		<b>486</b>	620
Cash and bank balances		<u><b>36,323</b></u>	<u>33,682</u>
		<u><b>168,852</b></u>	<u>135,752</u>
<b>Current liabilities</b>			
Trade and other payables	12	<b>67,631</b>	70,790
Contract liabilities		–	2,490
Amount due to a director		<b>164</b>	1,202
Finance leases liabilities		–	23
Leases liabilities		<u><b>4,223</b></u>	<u>–</u>
		<u><b>72,018</b></u>	<u>74,505</u>
<b>Net current assets</b>		<u><b>96,834</b></u>	<u>61,247</u>
<b>Total assets less current liabilities</b>		<u><b>102,374</b></u>	<u>63,056</u>

		As at 31 October 2019 HK\$'000 (Unaudited)	As at 30 April 2019 HK\$'000 (Audited)
	Notes		
<b>Non-current liabilities</b>			
Finance leases liabilities		—	4
<b>Net assets</b>		<b>102,374</b>	63,052
<b>Equity</b>			
Share capital	14	15,772	14,400
Reserves		<b>86,798</b>	48,652
Equity attributable to owners of the Company		<b>102,570</b>	63,052
Non-controlling interests		<b>(196)</b>	—
<b>Total equity</b>		<b>102,374</b>	63,052

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

FOR THE SIX MONTHS ENDED 31 OCTOBER 2019

	Share capital HK\$'000	Share premium* HK\$'000	Merger reserve* HK\$'000 (Note a)	Share-based payment reserve HK\$'000 (Note b)	Exchange reserve* HK\$'000	Retained earnings (accumulated losses)* HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 May 2018 (audited)	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 foreign operations	-	-	-	-	(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	-	-
At 1 May 2019 (audited)	14,400	24,457	18,001	-	(1,027)	7,221	63,052	-	63,052
Loss for the period	-	-	-	-	-	(16,630)	(16,630)	(195)	(16,825)
Other comprehensive expenses for the period									
— Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(860)	-	(860)	(1)	(861)
Total comprehensive expense for the period	-	-	-	-	(860)	(16,630)	(17,490)	(196)	(17,686)
Placing of new shares	1,372	48,706	-	-	-	-	50,078	-	50,078
Share issuing expenses	-	(1,032)	-	-	-	-	(1,032)	-	(1,032)
Recognition of equity-settled share-based payment	-	-	-	7,962	-	-	7,962	-	7,962
At 31 October 2019 (unaudited)	15,772	72,131	18,001	7,962	(1,887)	(9,409)	102,570	(196)	102,374

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

## Notes:

- (a) 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.
- (b) Share-based payment reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant share options over the relevant vesting periods, the total of which is based on the fair value of the share options at grant date. The amount for each period is determined by spreading the fair value of the share options over the relevant vesting period (if any) and is recognised in other operating expenses with a corresponding increase in the share-based payment reserve.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 OCTOBER 2019

	For the six months ended 31 October	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Operating activities</b>		
<i>Net cash used in operating activities</i>	<b>(42,258)</b>	(107)
<b>Investing activities</b>		
Interest income	<b>121</b>	81
Purchase of property, plant and equipment	–	(751)
Decrease in bank deposit with original maturity more than three months	–	20,000
<i>Net cash generated from investing activities</i>	<b>121</b>	19,330
<b>Financing activities</b>		
Repayment to a director	<b>(1,038)</b>	(2,149)
Repayment of capital element of finance leases	–	(12)
Repayment of lease liabilities	<b>(2,197)</b>	–
Interest paid	<b>(172)</b>	(6)
Proceeds from placement of new shares	<b>50,078</b>	–
Share issuing expenses	<b>(1,032)</b>	–
<i>Net cash generated from (used in) financing activities</i>	<b>45,639</b>	(2,167)
Net increase in cash and cash equivalents	<b>3,502</b>	17,056
Cash and cash equivalents at beginning of the reporting period	<b>33,682</b>	19,115
Effect of foreign exchange rate changes	<b>(861)</b>	1
Cash and cash equivalents at end of reporting period represented by cash and bank balances	<b>36,323</b>	36,172

## 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, other general building works and telecommunication business.

### 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 October 2019 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 2019.

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. APPLICATION OF NEW AND REVISED HKFRSs

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and Interpretations (collectively referred to as the “**new and revised HKFRSs**”) issued by the HKICPA, which are effective for the Group’s financial period beginning from 1 May 2019. A summary of the new and revised HKFRSs applied by the Group is set out as follows:

HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term interests in Associates and Joint Ventures
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

Except for application of HKFRS 16 stated below, the application of other new and revised HKFRSs has no material impact on the Group’s financial performance and financial position for the current and/or prior periods and/or on the disclosure set out in the Interim Financial Information.

The Group has not applied any new and revised HKFRSs that have been issued but not yet effective for the current accounting period.

#### **HKFRS 16 Leases**

The Group has applied HKFRS 16 for the first time in the current period. HKFRS 16 superseded HKAS 17 *Leases* and the related interpretations.

#### **(i) Key changes in accounting policies resulting from application of HKFRS 16**

The Group applied the following accounting policies in accordance with the transition provision of HKFRS 16.

##### *Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.



### 3. APPLICATION OF NEW AND REVISED HKFRSs (CONTINUED)

#### **HKFRS 16 Leases** (Continued)

(i) **Key changes in accounting policies resulting from application of HKFRS 16** (Continued)

*Definition of a lease* (Continued)

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

*As a lessee*

*Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

*Short-term lease and lease of low-value assets*

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term lease and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

*Right-of-use assets*

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

### 3. APPLICATION OF NEW AND REVISED HKFRSs (CONTINUED)

#### **HKFRS 16 Leases** (Continued)

(i) **Key changes in accounting policies resulting from application of HKFRS 16** (Continued)

As a lessee (Continued)

Right-of-use assets (Continued)

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

### 3. APPLICATION OF NEW AND REVISED HKFRSs (CONTINUED)

#### **HKFRS 16 Leases** (Continued)

(i) **Key changes in accounting policies resulting from application of HKFRS 16** (Continued)

As a lessee (Continued)

Lease liabilities (Continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

### 3. APPLICATION OF NEW AND REVISED HKFRSs (CONTINUED)

#### **HKFRS 16 Leases** *(Continued)*

(i) **Key changes in accounting policies resulting from application of HKFRS 16** *(Continued)*

*As a lessee (Continued)*

Lease modification

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

### 3. APPLICATION OF NEW AND REVISED HKFRSs (CONTINUED)

#### **HKFRS 16 Leases** (Continued)

(i) **Key changes in accounting policies resulting from application of HKFRS 16** (Continued)

*As a lessee* (Continued)

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease portion of lease liabilities resulting in net deductible temporary differences.

(ii) **Transition and summary of effects arising from initial application of HKFRS 16**

*Definition of a lease*

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 May 2019, the Group applies the definition of a lease in accordance which requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

### 3. APPLICATION OF NEW AND REVISED HKFRSs (CONTINUED)

#### **HKFRS 16 Leases** (Continued)

##### **(ii) Transition and summary of effects arising from initial application of HKFRS 16** (Continued)

###### *As a lessee*

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 May 2019. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating lease under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- (i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- (ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- (iii) applied a single discount rate to a portfolio of leases with a similar remaining term for similar class of underlying assets in similar economic environment; and
- (iv) use hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of approximately HK\$6,394,000 and right-of-use assets approximately HK\$6,394,000 at 1 May 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.05%.

### 3. APPLICATION OF NEW AND REVISED HKFRSs (CONTINUED)

#### HKFRS 16 Leases (Continued)

#### (ii) Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

	At 1 May 2019 HK\$'000
Operating lease commitments disclosed at 30 April 2019	6,932
Less: Recognition exemption — short-term leases	<u>268</u>
Total undiscounted lease liabilities at 1 May 2019 for application of HKFRS 16	<u>6,664</u>
Weighted average incremental borrowing rate	<u>4.05%</u>
Lease liabilities at 1 May 2019	<u>6,394</u>
<b>Analysed as</b>	
Current	4,438
Non-current	<u>1,956</u>
	<u>6,394</u>

The carrying amount of right-of-use assets at 1 May 2019 comprises the following:

	Right-of-use assets HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	<u>6,394</u>
<b>By class:</b>	
Buildings	<u>6,394</u>

### 3. APPLICATION OF NEW AND REVISED HKFRSs (CONTINUED)

#### HKFRS 16 Leases (Continued)

#### (ii) Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

##### As a lessee (Continued)

The following adjustments were made to amounts recognised in the condensed consolidated statement of financial position at 1 May 2019. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position

	Carrying amounts previous report at 30 April 2019 HK\$'000	under Impact on application of HKFRS 16 HK\$'000	Carrying amounts under HKFRS 16 at 1 May 2019 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	1,809	6,394	8,203
<b>Current liabilities</b>			
Finance leases liabilities	23	(23)	–
Lease liabilities	–	4,461	4,461
<b>Non-current liabilities</b>			
Finance leases liabilities	4	(4)	–
Lease liabilities	–	1,960	1,960



#### 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		Six months ended	
	31 October		31 October	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Contracting revenue	<b>29,942</b>	43,831	<b>66,031</b>	69,700
Consultancy fee	-	30	-	30
Revenue	<b>29,942</b>	43,861	<b>66,031</b>	69,730

The chief operating decision-maker has been identified as the Board of Directors of the Company. The Group's revenue are all derived from the business of construction and no income are derived from the telecommunication business. 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 2019 and 2018 are as follows:

	Three months ended 31 October		Six months ended 31 October	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Slope works	<b>27,333</b>	34,687	<b>59,125</b>	56,355
Foundation works	<b>2,609</b>	9,144	<b>6,906</b>	13,345
Others (note)	<b>-</b>	30	<b>-</b>	30
	<b>29,942</b>	43,861	<b>66,031</b>	69,730
Timing of revenue recognition Over time	<b>29,942</b>	43,861	<b>66,031</b>	69,730

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	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Rental income from lease of machinery	-	399	-	519
Interest income	<b>70</b>	41	<b>121</b>	81
Sundry income	-	600	<b>780</b>	600
	<b>70</b>	1,040	<b>901</b>	1,200

#### 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 2019 and 2018 are as follows:

	Three months ended		Six months ended	
	31 October		31 October	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer A	<b>4,186</b>	13,201	<b>10,080</b>	23,781
Customer B	<b>16,531</b>	20,157	<b>37,552</b>	28,869
Customer C	N/A <sup>1</sup>	5,292	N/A <sup>1</sup>	N/A <sup>1</sup>
Customer D	<b>5,927</b>	N/A <sup>1</sup>	<b>9,589</b>	N/A <sup>1</sup>

<sup>1</sup> 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		Six months ended	
	31 October		31 October	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on finance leases	-	3	-	6
Interest on leases liabilities	<b>77</b>	-	<b>173</b>	-
	<b>77</b>	3	<b>173</b>	6

## 6. LOSS BEFORE INCOME TAX

	Three months ended		Six months ended	
	31 October		31 October	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss before income tax for the period has been arrived at after charging:				
Staff costs (including directors' emoluments)				
— salaries, allowances and benefits in kind	<b>1,423</b>	1,373	<b>2,920</b>	2,682
— retirement benefits scheme contributions	<b>45</b>	42	<b>86</b>	77
Total staff costs	<b>1,468</b>	1,415	<b>3,006</b>	2,759
Depreciation in respect of plant and equipment				
— assets held under finance leases	<b>5</b>	5	<b>11</b>	11
— owned assets	<b>231</b>	160	<b>404</b>	301
Depreciation in respect of right of use assets	<b>1,099</b>	–	<b>2,248</b>	–
	<b>1,335</b>	165	<b>2,663</b>	312
Share-based payment expenses	<b>7,962</b>	–	<b>7,962</b>	–
Operating lease charges:				
— Land and buildings	–	1,846	–	3,799
Rental expenses in respect of short term lease	<b>96</b>	–	<b>192</b>	–
Subcontracting charges (included in direct costs)	<b>29,794</b>	42,270	<b>65,074</b>	67,094
Net foreign exchange loss	<b>959</b>	589	<b>2,053</b>	167

## 7. INCOME TAX EXPENSE

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

Provision for Hong Kong

Profits Tax:

— current period	-	200	-	200
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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.

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

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 2019 (2018: 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	
2019	2018	2019	2018
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

<b>(13,332)</b>	(2,866)	<b>(16,630)</b>	(6,548)
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Three months ended 31 October		Six months ended 31 October	
2019	2018	2019	2018
HK\$'000	HK\$'000	'000	'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

### Number of shares

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

<b>1,577,200</b>	1,440,000	<b>1,571,235</b>	1,440,000
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The calculation basis of loss per share for the six months ended 31 October 2019 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.

## 9. LOSS PER SHARE (CONTINUED)

The Company's outstanding share options where applicable had an anti-dilutive effect to the basic loss per share calculation for the six months ended 31 October 2019 as the exercise price of the Company's outstanding share options was higher than the average market price of the shares of the Company, and the exercise of the above potential dilutive share is not assumed in the calculation of diluted loss per share for the six months ended 31 October 2019.

## 10. PROPERTY, PLANT AND EQUIPMENT

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

On the date of application of HKFRS 16, the Group recognised right-of-use assets of approximately HK\$6,394,000 included in property, plant and equipment and lease liabilities of approximately HK\$6,394,000.

The Group's office equipment with an aggregate net book value of approximately HK\$17,000 as at 31 October 2019 are secured.

## 11. 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 2019 HK\$'000 (Unaudited)	As at 30 April 2019 HK\$'000 (Audited)
Trade receivables	<b>6,953</b>	15,360
Other receivables and prepayments	<b>74,237</b>	43,485
Utility and other deposits	<b>26,877</b>	19,419
	<b>108,067</b>	78,264

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

### Trade receivables

The Group usually provide customers with a credit term of 21–60 days (as at 30 April 2019: 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 2019 HK\$'000 (Unaudited)	As at 30 April 2019 HK\$'000 (Audited)
0–30 days	<b>6,953</b>	15,360
31–60 days	–	–
61–90 days	–	–
Over 90 days	–	–
	<b>6,953</b>	15,360

At the end of each reporting period, 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 PAYABLES

	As at 31 October 2019 HK\$'000 (Unaudited)	As at 30 April 2019 HK\$'000 (Audited)
Trade payables	<b>6,261</b>	11,644
Retention payables	<b>11,830</b>	12,960
Accruals and other payables	<b>49,540</b>	46,186
	<b>67,631</b>	70,790

Payment terms granted by suppliers are 42–60 days (as at 30 April 2019: 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 2019 HK\$'000 (Unaudited)	As at 30 April 2019 HK\$'000 (Audited)
0–30 days	<b>6,240</b>	11,602
31–60 days	–	–
61–90 days	–	–
Over 90 days	<b>21</b>	42
	<b>6,261</b>	11,644

- (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 2019, accruals and other payables included the amount due to a director of a subsidiary of HK\$40,000,000 (as at 30 April 2019: HK\$40,000,000). The balance outstanding was unsecured, non-interest bearing and repayable on demand.

### 13. SHARE CAPITAL

As at 31 October 2019		As at 30 April 2019	
Number of ordinary shares '000 (Unaudited)	Carrying amount HK\$'000 (Unaudited)	Number of ordinary shares '000 (Audited)	Carrying amount HK\$'000 (Audited)

Ordinary shares of HK\$0.01 each

#### Authorised:

At the beginning of the reporting period and at the end of the reporting period

<b>2,000,000</b>	<b>20,000</b>	2,000,000	20,000
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#### Issued and fully paid:

At the beginning of the reporting period

<b>1,440,000</b>	<b>14,400</b>	1,440,000	14,400
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Placing of new shares (note)

<b>137,200</b>	<b>1,372</b>	-	-
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At the end of the reporting period

<b>1,577,200</b>	<b>15,772</b>	1,440,000	14,400
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Note: On 8 May 2019, the Company allotted and issued an aggregate of 137,200,000 new shares of HK\$0.01 each to not less than six placees at a price of HK\$0.365 per share. The net proceeds of the placing of approximately HK\$49,046,000 is intended to be used 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.

## 14. COMMITMENTS

### Operating lease commitments

#### *As lessee*

The Group leases various offices under non-cancellable operating leases agreements. The operating lease commitment at 31 October 2019 presented below represents the future aggregate minimum lease payments for the leases with lease terms less than one year. Leases with lease terms over one year have been recorded as lease liabilities at 31 October 2019 under application of HKFRS 16. The operating lease commitment at 30 April 2019 presented below represents the future aggregate minimum lease payments under all non-cancellable operating leases.

	As at 31 October 2019 HK\$'000 (Unaudited)	As at 30 April 2019 HK\$'000 (Audited)
Within one year	<b>76</b>	4,972
In the second to fifth years	—	1,960
	<b>76</b>	6,932

The Group leases certain properties under operating leases. Leases are mainly negotiated for average term 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.

## 15. 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	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Salaries, fee and allowances	1,852	1,831
Discretionary bonuses	–	–
Retirement benefit scheme contributions	51	50
	<u>1,903</u>	<u>1,881</u>

## 15. RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Transactions with related parties

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

Name of related party	Nature	Six months ended 31 October	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Mars Glare	Rent paid thereto (note (i))	<u>192</u>	<u>108</u>

Note:

- (i) An office with car parking space was leased from Mars Glare during the period ended 31 October 2019 and 2018 on terms mutually agreed between both parties.

## 16. EVENTS AFTER REPORTING PERIOD

There is no significant event took place subsequent to the end of the reporting period.

## 17. COMPARATIVE FIGURES

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

## 18. APPROVAL AND AUTHORISATION FOR ISSUE OF INTERIM FINANCIAL INFORMATION

The Interim Financial Information were approved and authorised for issue by the Board on 10 December 2019.