



联合控股

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Zhejiang United Investment Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8366

2019

THIRD 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 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\$95.6 million for the nine months ended 31 January 2020 (the “**Reporting Period**”) (2019: approximately HK\$111.0 million), representing a decrease of approximately 13.8% as compared with the corresponding period of last year.
- Loss attributable to equity holder of the Company for nine months ended 31 January 2020 amounted to approximately HK\$19.8 million (2019: approximately HK\$7.2 million).
- Basic loss per share amounted to approximately HK1.26 cents for the nine months ended 31 January 2020 (2019: approximately HK0.5 cents).
- The Board does not recommend the payment of dividend for the nine months ended 31 January 2020 (2019: 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 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 January 2020, 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.

On 24 December 2019, the Group entered into the Cooperation Agreement with Arima Communications Corporation (華冠通訊股份有限公司), pursuant to which the Company and Arima Communications Corporation agreed to establish the Joint Venture. The Joint Venture will primarily be engaged in the development, production and global sales of 5G mobile phones and relevant products.

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

In the long run, the Group aims at extending its construction, building and related business in the PRC as well as the local Hong Kong market and developing the telecommunication business especially in 5G Network Technology and 5G mobile phones and related business globally 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\$15.3 million or approximately 13.8% from approximately HK\$111.0 million for the nine months ended 31 January 2019 to approximately HK\$95.6 million for the nine months ended 31 January 2020. The decrease in revenue was mainly due to the decrease in revenue derived from undertaking slope works and 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 decreased from approximately HK\$93.3 million for the nine months ended 31 January 2019 to approximately HK\$86.8 million for the nine months ended 31 January 2020, representing an decrease of approximately 7.0%. The decrease in revenue was primarily due to the down size of slope works projects from one of our major customers for the nine months ended 31 January 2020, 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 HK\$17.5 million for the nine months ended 31 January 2019 to approximately HK\$8.7 million for the nine months ended 31 January 2020, as a result of the decrease in the number of foundation projects undertaken by the Group during the nine months ended 31 January 2020.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK\$2.6 million or approximately 77.5% from approximately HK\$3.3 million for the nine months ended 31 January 2019 to approximately HK\$0.7 million for the nine months ended 31 January 2020 and the Group's gross profit margin decreased from approximately 3.0% for the nine months ended 31 January 2019 to approximately 0.8% for the nine months ended 31 January 2020. The decrease in gross profit margin was mainly due to 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 decreased by approximately HK\$12.8 million or approximately 11.9% from approximately HK\$107.6 million for the nine months ended 31 January 2019 to approximately HK\$94.8 million for the nine months ended 31 January 2020. Such decrease was mainly attributable to the decrease in amount of works performed resulting in the decrease in our subcontracting charges.

Other Income

The Group's other income decreased from approximately HK\$3.3 million for the nine months ended 31 January 2019 to approximately HK\$1.0 million for the nine months ended 31 January 2020. The decrease in the Group's other income mainly due to the absent of rental income from lease of machinery and net foreign exchange gain for the nine months ended 31 January 2020 compare with the corresponding period last year.

Administrative Expenses

The Group's administrative expenses significantly increased by approximately HK\$8.0 million or approximately 59.2% from approximately HK\$13.5 million for the nine months ended 31 January 2019 to approximately HK\$21.5 million for the nine months ended 31 January 2020. 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 owners of the Company for the nine months ended 31 January 2020 was approximately HK\$19.8 million as compared to approximately HK\$7.2 million for the nine months ended 31 January 2019.



DISCLOSURE OF INTERESTS

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

As at 31 January 2020, the interests and short positions of the Directors or chief executive of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as to the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long position in the Company's shares

Name of Director	Capacity/Nature	Number of shares held/ interested	Approximate percentage of shareholding
Mr. Zhou Ying	Interest of a controlled corporation (Note 1)	1,080,000,000	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 January 2020, 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 nine months ended 31 January 2020.

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

During the nine months ended 31 January 2020 and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

CORPORATE GOVERNANCE CODE

During the nine months ended 31 January 2020 and up to the date of this report, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules save for the deviation from code provision A.2.1 explained below.

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

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of provisions of conduct regarding securities transactions by the Directors the (“**Code of Conduct**”) on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the nine months ended 31 January 2020 and up to the date of this report.

DIVIDENDS

The Board did not recommend any payment of dividend for the nine months ended 31 January 2020 (2019: 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 January 2020, 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, which was adopted on 15 October 2015 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. Wong Man Hin, Raymond, Mr. Tsui Chung Ho and Ms. Lai Pik Chi Peggy. The chairman of the Audit Committee is Mr. Wong Man Hin, Raymond, who has appropriate professional qualifications and experience in accounting matters.

The Audit Committee had reviewed the unaudited condensed consolidated results of the Group for the nine months ended 31 January 2020 with the management and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

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

Hong Kong, 9 March 2020



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

FOR THE THREE MONTHS AND NINE MONTHS ENDED 31 JANUARY 2020

	Notes	For the three months ended 31 January		For the nine months ended 31 January	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	29,526	41,151	95,557	110,881
Direct costs		(29,137)	(39,906)	(94,812)	(107,565)
Gross profit		389	1,245	745	3,316
Other income	3	52	2,220	953	3,253
Administrative expenses		(3,607)	(4,067)	(21,516)	(13,513)
Finance costs	4	(62)	(3)	(235)	(9)
Loss before income tax	5	(3,228)	(605)	(20,053)	(6,953)
Income tax expense	6	—	—	—	(200)
Loss for the period		(3,228)	(605)	(20,053)	(7,153)
Other comprehensive (expense)/income for the period, net of tax items that may be reclassified subsequently to profit or loss:					
— Exchange differences on translation of financial statements of PRC subsidiary		177	695	(684)	(933)
Total comprehensive (expense)/income for the period		(3,051)	90	(20,737)	(8,086)
Loss for the period attributable to:					
Owners of the Company		(3,206)	(605)	(19,836)	(7,153)
Non-controlling interests		(22)	—	(217)	—
		(3,228)	(605)	(20,053)	(7,153)
Total comprehensive loss attributable to:					
Owners of the Company		(3,029)	90	(20,519)	(8,086)
Non-controlling interests		(22)	—	(218)	—
		(3,051)	90	(20,737)	(8,086)
		HK cents	HK cents	HK cents	HK cents
Loss per share for loss attributable to equity holders of the Company					
— Basic and diluted	8	(0.20)	(0.04)	(1.26)	(0.50)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE NINE MONTHS ENDED 31 JANUARY 2020

	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 2019 (audited)	14,400	24,457	18,001	-	(1,027)	7,221	63,052	-	63,052
Loss for the period	-	-	-	-	-	(19,836)	(19,836)	(217)	(20,053)
Other comprehensive expenses for the period									
— Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(683)	-	(683)	(1)	(684)
Total comprehensive expense for the period	-	-	-	-	(683)	(19,836)	(20,519)	(218)	(20,737)
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 January 2020 (unaudited)	15,772	72,131	18,001	7,962	(1,710)	(12,615)	99,541	(218)	99,323
At 1 May 2018 (audited)	14,400	24,457	18,001	-	-	16,040	72,898	-	72,898
Loss for the period	-	-	-	-	-	(7,153)	(7,153)	-	(7,153)
Other comprehensive expenses for the period									
— Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(933)	-	(933)	-	(933)
Total comprehensive expense for the period	-	-	-	-	(933)	(7,153)	(8,086)	-	(8,086)
At 31 January 2019 (unaudited)	14,400	24,457	18,001	-	(933)	8,887	64,812	-	64,812

* 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.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Zhejiang United Investment Holdings Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 20 May 2015 as an exempted company with limited liability 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 1511, 15/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. BASIC OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 January 2020 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 GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”). The accounting policies adopted by the Group are consistent with financial statements for the year ended 30 April 2019.

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



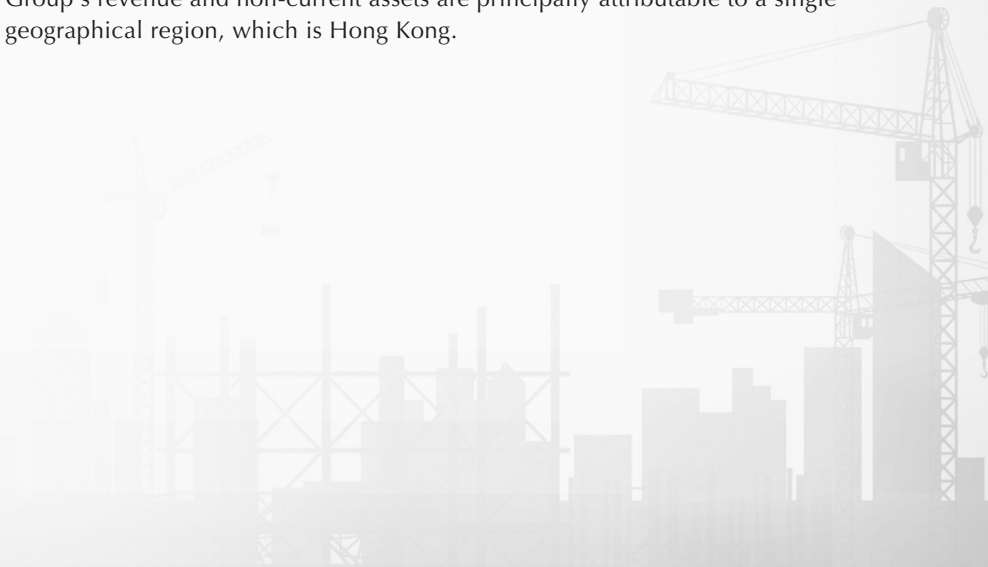
3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

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

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

	Three months ended		Nine months ended	
	31 January		31 January	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Contracting revenue	29,526	41,106	95,557	110,806
Consultancy fee	-	45	-	75
Revenue	29,526	41,151	95,557	110,881

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



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

An analysis of the Group's revenue and contribution to profit from operating activities from undertaking slope works, foundation works and other general building works in Hong Kong in the ordinary course of business during the three months and nine months ended 31 January 2020 and 2019 are as follows:

	Three months ended		Nine months ended	
	31 January		31 January	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Slope works	27,692	36,949	86,817	93,304
Foundation works	1,834	4,157	8,740	17,502
Others (Note)	-	45	-	75
	<u>29,526</u>	<u>41,151</u>	<u>95,557</u>	<u>110,881</u>

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		Nine months ended	
	31 January		31 January	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	-	2	-	2
Interest income	42	8	163	89
Rental income from lease of machinery and income from site supervision	-	406	-	925
Net foreign exchange gain	-	1,804	-	1,637
Sundry income	10	-	790	600
	<u>52</u>	<u>2,220</u>	<u>953</u>	<u>3,253</u>

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 three months and nine months ended 31 January 2020 and 2019 are as follows:

	Three months ended 31 January		Nine months ended 31 January	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Customer A	19,311	21,633	56,863	50,502
Customer B	4,025	10,323	14,106	34,104
Customer C	3,541	4,092	13,130	N/A ¹

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

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended 31 January		Nine months ended 31 January	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest on finance leases	-	3	-	9
Interest on lease liabilities	62	-	235	-
	62	3	235	9

5. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	Three months ended		Nine months ended	
	31 January		31 January	
	2020	2019	2020	2019
	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	1,734	1,673	4,654	4,355
— retirement benefits scheme contributions	45	40	131	117
Total staff costs	1,779	1,713	4,785	4,472
Depreciation in respect of plant and equipment				
— assets held under finance leases	—	6	—	17
— owned assets	110	160	514	461
Depreciation in respect of right of use assets	1,155	—	3,414	—
	1,265	166	3,928	478
Share-based payment expenses	—	—	7,962	—
Operating lease charges:				
— Land and buildings	—	1,895	—	5,694
Rental expenses in respect of short term lease	96	—	192	—
Subcontracting charges (included in direct costs)	28,945	39,408	94,019	106,502
Net foreign exchange loss	—	—	1,788	—

6. INCOME TAX EXPENSE

Three months ended		Nine months ended	
31 January		31 January	
2020	2019	2020	2019
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Provision for Hong Kong

Profits Tax:

— current period - - - 200

Hong Kong Profits Tax has been provided at the rate of 16.5% (2019: 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 period.

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

7. DIVIDEND

The Directors do not recommend a payment of dividend for the nine months ended 31 January 2020 (2019: 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		Nine months ended	
31 January		31 January	
2020	2019	2020	2019
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Loss

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

(3,206)	(605)	(19,836)	(7,153)
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Three months ended		Nine months ended	
31 January		31 January	
2020	2019	2020	2019
'000	'000	'000	'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Number of shares

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

1,577,200	1,440,000	1,573,223	1,440,000
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The calculation of basic loss per share for the three and nine months ended 31 January 2020 and 2019 is based on the loss attributable to the owners of the Company.

There were no dilutive potential ordinary shares for the period ended 31 January 2019 and therefore, diluted loss per share is the same as the basic loss per share.

As the Company's outstanding share options where applicable had an anti-dilutive effect to the basic loss per share calculation for the three-month and the nine-month periods ended 31 January 2020, the conversion of the above potential dilutive shares is not assumed in the calculation of diluted loss per share.