Zhejiang United Investment Holdings Group Limited

联合控股

HK.08366

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8366

2020

ANNUAL 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.

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

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

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DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

Mr. Zheng Xuchen (resigned on 19 November 2019)
Dr. Wong Man Hin, Raymond
Mr. Tang Yiu Wing (resigned on 1 June 2019)
Mr. Tsui Chung Ho (appointed on 31 August 2019)
Ms. Lai Pik Chi Peggy
(appointed on 19 November 2019)

AUDIT COMMITTEE

Dr. Wong Man Hin, Raymond *(Chairman)*
Mr. Zheng Xuchen (resigned on 19 November 2019)
Mr. Tang Yiu Wing (resigned on 1 June 2019)
Mr. Tsui Chung Ho (appointed on 31 August 2019)
Ms. Lai Pik Chi Peggy
(appointed on 19 November 2019)

NOMINATION COMMITTEE

Mr. Zhou Ying *(Chairman)*
Mr. Zheng Xuchen (resigned on 19 November 2019)
Dr. Wong Man Hin, Raymond
Ms. Lai Pik Chi Peggy
(appointed on 19 November 2019)

REMUNERATION COMMITTEE

Mr. Tang Yiu Wing *(Chairman)*
(resigned on 1 June 2019)
Mr. Tsui Chung Ho *(Chairman)*
(appointed on 31 August 2019)
Mr. Zheng Xuchen (resigned on 19 November 2019)
Dr. Wong Man Hin, Raymond
Ms. Lai Pik Chi Peggy
(appointed on 19 November 2019)

LEGAL COMPLIANCE COMMITTEE

Mr. Tang Yiu Wing *(Chairman)*
(resigned on 1 June 2019)
Mr. Tsui Chung Ho *(Chairman)*
(appointed on 31 August 2019)
Mr. Zheng Xuchen (resigned on 19 November 2019)
Dr. Wong Man Hin, Raymond
Ms. Lai Pik Chi Peggy
(appointed on 19 November 2019)

COMPANY SECRETARY

Ms. Hui Wai Man, Shirley
(resigned on 1 February 2020)
Mr. Chan Ching (appointed on 1 February 2020)

INDEPENDENT AUDITOR

Elite Partners CPA Limited

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

REGISTERED OFFICE

Clifton House
75 Fort Street
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Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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Clifton House
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PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
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183 Queen's Road East
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

COMPANY WEBSITE

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

STOCK CODE

8366

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Zhejiang United Investment Holdings Group Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), I am pleased to present our consolidated financial results of the Group for the financial year ended 30 April 2020 (the "**FY2019/20**").

RESULTS PERFORMANCE

In the FY2019/20, the Group recorded a revenue of approximately HK$144.8 million, representing a decrease of approximately HK$13.6 million, or 8.6%, from approximately HK$158.4 million for the year ended 30 April 2019 (the "FY18/19"). The decrease in revenue was partially attributable to the decrease in revenue derived from undertaking slope works and foundation works during the FY19/20. The decrease of revenue was offset by the decreasing in direct costs. Loss attributable to the owners of the Company for FY19/20 amounted to approximately HK$39.6 million, representing an increase of approximately HK$26.1 million, or 193.3%, from approximately HK$13.5 million for FY18/19.

BUSINESS REVIEW AND PROSPECT

During the FY2019/20, the overall market condition of the construction industry in Hong Kong was relatively challenging. The higher subcontracting rate has also posed plenty of challenges to the Group. Undoubtedly, all such factors have adversely affected the industry and the business environment in which the Group operates.

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

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

In order to enhance and diversify the Group's business prospect, the Group is seeking for suitable opportunities (including acquisitions or cooperation opportunities) 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 and hope that the telecom business can become one of the core businesses of the Group.

Despite of the uncertainties on the outbreak of COVID-19, we continually and closely monitor the market and enhance our capability to foresee and respond to changes in market conditions.

APPRECIATION

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

Mr. Zhou Ying
Chairman and Executive Director

Hong Kong, 31 July 2020

FY2019/20: HK$144.8m

FY2018/19: HK$158.4m

REVENUE

FY2019/20: HK$1.3m

FY2018/19: HK$5.4m

GROSS PROFIT

FY2019/20: HK2.51 cents

FY2018/19: HK0.94 cents

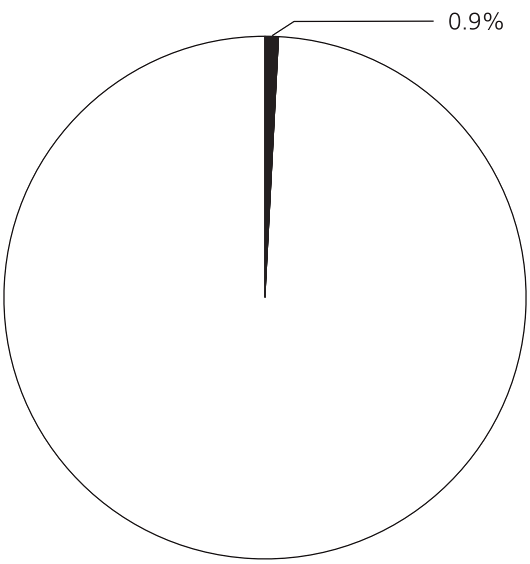
LOSS PER SHARE

FY2019/20: HK$39.6m

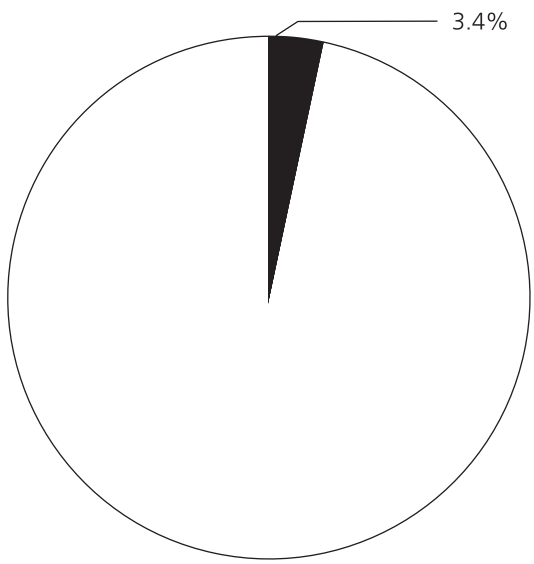
FY2018/19: HK$13.5m

NET LOSS

GROSS PROFIT MARGIN FY2019/20



GROSS PROFIT MARGIN FY2018/19



BUSINESS REVIEW AND OUTLOOK

The Group is a contractor principally engaged in undertaking slope works, foundation works and other general building works in Hong Kong. Slope works generally refer to landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls. Foundation works are generally concerned with the construction of foundations. General building works mainly include the general construction of buildings. Fraser Construction Company Limited, our principal operating subsidiary, is an approved specialist contractor included in the List of Approved Specialist Contractors for Public Works maintained by the Development Bureau of the Government of the Hong Kong Special Administrative Region (the "**Hong Kong Government**") under the categories of "Landslip Preventive/Remedial Works to Slopes/ Retaining Walls" with a confirmed status and "Land Piling (Group II)". Being on such list is a prerequisite for tendering for public sector projects in the relevant works categories. In addition, Fraser Construction Company Limited is registered under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) as a (i) Registered Specialist Contractor under the sub-register of "Site Formation Works" and "Foundation Works" categories; and (ii) Registered General Building Contractor.

The Group experienced an decrease in revenue and gross profit margin, but recorded an increased in net loss for the year ended 30 April 2020 compared to the net loss for the year ended 30 April 2019. 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 and higher general operation costs. As such, the Directors consider that competition in the market has become more intense recently.

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

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

Nevertheless, we believe that the Hong Kong Government's continuing increase in major construction and infrastructure projects in Hong Kong will increase the demand for slope works because of the continued implementation of the "Ten Major Infrastructure Projects" and the fact that slope works are directly related to public safety. The Hong Kong Government still maintain its stand to launch a rolling Landslip Prevention and Mitigation Programme to systematically deal with the landslide risk associated with both man-made slopes and natural hillsides. The stand enable steady flow of slopes construction works load to the construction industry. All in all, the Directors remain cautiously optimistic about the slope works industry in Hong Kong.

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

In order to enhance and diversify the Group's business prospect, during the year ended 30 April 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 is 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, 24 December 2019 and 8 April 2020 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.

FINANCIAL REVIEW

Revenue

The Group's overall revenue decreased by approximately HK$13.6 million or 8.6% from approximately HK$158.4 million for the year ended 30 April 2019 to approximately HK$144.8 million for the year ended 30 April 2020. The decreased in revenue is mainly due to the decrease in revenue derived from undertaking slope works and foundation works as further discussed below.

The Board regards the Group's business of construction as a single operating segment and reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented. No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is in Hong Kong. The Group's principal operating activities for the year ended 30 April 2020 are as follows:

Slope works: Undertaking landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls. Revenue from undertaking slope works slightly decreased from approximately HK$137.7 million for the year ended 30 April 2019 to approximately HK$134.6 million for the year ended 30 April 2020, representing a decrease of approximately 2.3%. The decrease in revenue was primarily attributable due to the down size of slope work projects.

Foundation works: Undertaking works in relation to the construction of foundations for general building construction. Revenue from undertaking foundation works decreased from approximately HK$20.6 million for the year ended 30 April 2019 to approximately HK$10.2 million for the year ended 30 April 2020, representing an decrease of approximately 50.5%, as a result of the decrease in the number of foundation work projects undertaken by our Group during the year ended 30 April 2020.

The Group's direct costs decreased by approximately HK$9.5 million or 6.2% from approximately HK$153.0 million for the year ended 30 April 2019 to approximately HK$143.5 million for the year ended 30 April 2020. Such decrease was mainly attributable to the decrease in amount of works performed resulting in the decrease in our subcontracting charges.

The Group's gross profit decreased by approximately HK$4.1 million or 75.9% from approximately HK$5.4 million for the year ended 30 April 2019 to approximately HK$1.3 million for the year ended 30 April 2020 and the Group's gross profit margin decreased from approximately 3.4% for the year ended 30 April 2019 to approximately 0.9% for the year ended 30 April 2020. The decrease in gross profit margin was mainly due to higher subcontracting rate and overall construction costs for existing projects as a result of tougher competitive condition and challenging operating environment in Hong Kong construction market.

Other Income and Other Net (Loss)/Gain

The Group's other income and other net gain amounted to approximately HK$3.2 million and other income and other net loss HK$1.4 million for the years ended 30 April 2019 and 2020 respectively, representing a decrease of approximately 143.8%, which was mainly due to exchange loss of approximately HK$2.7 million for the year ended 30 April 2020 as compared with exchange gain of approximately HK$1.4 million in 2019.

Administrative Expenses

The Group's administrative expenses increased by approximately HK$20.0 million or approximately 93.0% from approximately HK$21.5 million for the year ended 30 April 2019 to approximately HK$41.5 million for the year ended 30 April 2020. The increase in the Group's administrative expenses was primarily due to the one-off share-based payment expenses of approximately HK$8.0 million in relation to grant of share options to certain employees and research and development expenses related to 5G business development of approximately HK$9.7 million in relation to sub-contracting fees.

Net Loss

Loss attributable to owners of the Company for the year ended 30 April 2020 was approximately HK$39.6 million as compared to loss attributable to owners of the Company of approximately HK$13.5 million for the year ended 30 April 2019. The increased for the year was mainly due to decrease in gross profit and increase in administrative expenses for the year ended 30 April 2020 as discussed above.

Final Dividend

The Board did not recommend a payment of a final dividend for the year ended 30 April 2020 (2019: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2020, current assets amounted to HK$160.2 million (2019: HK$135.8 million) of which HK$37.4 million (2019: HK$33.7 million) was cash and cash equivalents, HK$109.3 million (2019: HK$78.3 million) was trade and other receivables. The Group's current liabilities amounted to HK$84.2 million (2019: HK$74.5 million), including trade and other payables in the amount of HK$83.3 million (2019: HK$70.8 million). Current ratio and quick assets ratio were both 1.9 and 1.9 respectively (2019: 1.8 and 1.8 respectively).

CASH POSITION

As at 30 April 2020, the cash at banks and other financial institution and cash in hand of the Group amounted to approximately HK$37.4 million (2019: approximately HK$33.7 million), representing a slightly increase of approximately HK$3.7 million as compared to that as at 30 April 2019.

CHARGES OVER ASSETS OF THE GROUP

The Group has total present value of minimum lease payments in relation to finance lease of approximately HK$4,000 as at 30 April 2020 (2019: HK$27,000) which are secured by the relevant leased equipment.

No other charge over assets of the Group as at 30 April 2020 (2019: Nil).

GEARING RATIO

As at 30 April 2020, the gearing ratio of the Group was approximately 0.5% (2019: approximately 1.9%).

The gearing ratio is calculated as total debts divided by equity attributable to owners of the Company as the respective reporting date. For this purpose total debts is defined as amount due to a director, lease liabilities and finance leases liabilities as shown in the consolidated statement of financial position. The Group's gearing ratio remained at a relatively low level as the Group did not place material reliance on borrowings to finance the Group's operation.

FOREIGN EXCHANGE EXPOSURE

The majority of the Group's transactions, assets and liabilities are denominated in Hong Kong dollar and Renminbi. The Group is exposed to exchange risk with respect mainly to Renminbi which may affect its performance. The directors closely monitor statement of financial position and cash flow exchange risk exposures and where considered appropriate use financial instruments, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge this exchange risk.

The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 30 April 2020.

CAPITAL COMMITMENTS

The Group had no material capital commitment as at 30 April 2020 (2019: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 April 2020, the Group had 18 (2019: 18) employees, including the Directors. Total staff costs (including directors' emoluments) were approximately HK$14.4 million for the year ended 30 April 2020 as compared to approximately HK$5.9 million for the year ended 30 April 2019. The remuneration policy and package of the Group's employees were annually reviewed. The salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance.

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

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

Save as disclosed in the Company's prospectus (the "**Prospectus**") dated 23 October 2015 and in this annual report, the Group did not have other plans for material investments or capital assets as of 30 April 2020.

CONTINGENT LIABILITIES

As at 30 April 2020, the Group had no material contingent liabilities (2019: Nil).

CAPITAL STRUCTURE

The change in the capital structure of the Company for the year ended 30 April 2020 are set out in note 23 to the consolidated financial statements. The share capital of the Group only comprises of ordinary shares.

As at 30 April 2020, the Company's issued capital was HK$15,772,000 and the number of its issued ordinary shares was 1,577,200,000 of HK$0.01 each.

SEGMENT INFORMATION

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

Area		Measure
Noise control	i.	Noise assessment will be conducted while necessary if the construction activities may affect the neighbourhood.
	ii.	Construction Noise Permit (CNP) will be applied from Environmental Protection Department if working outside the period below.
	iii.	The permitted hours for operation at project site is from 7:00 a.m. to 7:00 p. m. Monday to Saturday. Works are not permitted on general public holidays.
Air pollution control	i.	Appropriate air pollution control system, equipment or measure shall be operated or implemented properly and effectively whenever plant/process/activity concerned is engaged in.
	ii.	Any dusty materials remaining after stockpiles/debris is removed shall be wetted with water and cleared from the surface of roads or streets.
	iii.	Plants/vehicles shall be well maintained to ensure a low level of dark smoke emission.
	iv.	Open burning of refuse is strictly forbidden.
Water pollution control	i.	All server and drainage connections shall be sealed by sand bag to prevent blockage by debris, soil, sand, etc.
	ii.	Wastewater generated from concreting, grouting, drilling, plastering, internal and external fabrication, cleaning, site clearance and similar activities shall not be discharged into storm drains. Sufficient sand bags should be placed around the drainage point to avoid and minimize the wastewater run-in.
Waste disposal control	i.	Labeled bins to be provided to allow segregation of recyclable materials whenever possible.
	ii.	Disposal of public fill at the public filling facility as designated by Public Fill Committee (PFC) of CEDD and at other public filling facilities as may be required by CEDD, and to comply with their acceptable requirements.

During the year ended 30 April 2020, the Group did not record any non-compliance with applicable environmental requirements that resulted in prosecution or penalty being brought against the Group.

Further discussions on the Group's environmental policies and our relationship with various stakeholders are covered by a separate Environmental, Social and Governance report which will be available at the websites of the Company and the Exchange no later than three months after the publication of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Hong Kong while the Company itself is listed on the Stock Exchange. Our establishment and operations shall therefore comply with the relevant laws and regulations in Hong Kong. External compliance and legal advisers are engaged to ensure transactions and businesses performed by the Group are within the applicable law framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. During the year ended 30 April 2020 and up to the date of this annual report, there is no material non-compliance with the relevant prevailing laws and regulations in Hong Kong by the Group.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

Customers

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

During the year ended 30 April 2020, the Group served customers from both of public and private sector in Hong Kong. The Group has business relationship with most of the top customers ranging from one year to over 10 years.

Suppliers and Subcontractors

During the year ended 30 April 2020, the suppliers of goods and services which were specific to the business of the Group and were required on a regular basis to enable the Group to continue to carry on its business included (i) subcontractors engaged by the Group to perform the slope works; (ii) suppliers of construction materials and consumables as such high-tensile steel, structural steel, cement and aggregates.

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

The Group did not experience any material difficulties in sourcing materials from suppliers or assigning subcontractors during the year ended 30 April 2020. Also, there is no significant dispute with our top five suppliers and subcontractors during the year ended 30 April 2020.

Employees

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

PLACING OF NEW SHARES UNDER GENERAL MANDATE (THE "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 utilised 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 year ended 30 April 2020, the net proceed was subsequently used as follows:

Net proceeds raised as at 31 October 2019	**Intended use of the unutilised proceeds**	**Actual use the unutilised proceeds during the year ended 30 April 2020**
HK$49 million (the "**Unutilised Proceeds**")	HK$19 million – general working capital HK$10 million – 5G business HK$20 million – construction business	HK$19 million – general working capital HK$10 million – 5G business HK$20 million – construction business

EXECUTIVE DIRECTORS

Mr. ZHOU Ying ("Mr. Zhou"), aged 38, has been working in the financial investment industry and has invested in or managed various companies of the People Republic of China involving in various fields, including equity investment, assets management, films and entertainment and cultural education. Since March 2014, Mr. Zhou has acted as the chairman of the board of directors in Zhejiang United Small-and medium-sized Enterprises Holdings Group Company Limited* (浙江聯合中小企業控股集團有限公司), which is principally engaged in provision of consultation services for company management (e.g. providing the financing plans for the small-and-medium-sized enterprises and advising on the transaction plan/structure for the mergers and acquisitions of the companies).

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

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

Ms. MENG Ying ("**Ms. Meng**"), aged 39, currently serves as the president of Zhejiang United Small and Medium Enterprises Holding Group Company Limited.* (浙江聯合中小企業控股集團有限公司), and the president of Zhejiang Zhongbang Equity Investment Company Limited* (浙江中邦股權投資有限公司).

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

* *the English name is for identification purpose only*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. WONG Man Hin, Raymond ("Dr. Raymond Wong"), aged 54, is a U.S. Certified Public Accountant, a Certified Management Accountant (CMA), a Chartered Global Management Accountant (CGMA) and holds a certificate in financial management (CFM). He is a member of American Institute of Certified Public Accountant (CPA). Dr. Raymond Wong holds a Bachelor's Degree in Chemical Engineering, a Master Degree of Arts in Economics and a Doctorate Degree in business administration. He has been an executive director of Raymond Industrial Limited (Stock Code: 229), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited since April 2002 and a deputy executive chairman since April 2007. Dr. Raymond Wong has been an independent non-executive director in Nan Nan Resources Enterprise Limited (Stock Code: 1229), a company listed on the Main Board of the Stock Exchange since March 2008. He has been an independent non-executive director in Modern Beauty Salon Holdings Limited (Stock Code: 919), a company listed on the Main Board of the Stock Exchange since December 2009. He has been an independent non-executive director in Tak Lee Machinery Holdings Limited (Stock Code: 8142), a company listed on the GEM Board of the Stock Exchange since June 2017. Dr. Raymond Wong is Vice President and council member of the Hong Kong Independent Non-Executive Director Association and an independent manager of TWGHs Wong Fut Nam College.

Mr. Tsui Chung Ho ("Mr. Tsui"), aged 41, is a Certified Public Accountant (Practising) in Hong Kong, a Certified Internal Auditor and a Certified Information Systems Auditor of the Information Systems Audit and Control Association, as well as a member of each of the Hong Kong Institute of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales. Mr. Tsui currently serves as a business services manager of Tricor Services Limited, and is engaged in outsourced internal audit, risk consulting, as well as preparation of environmental, social and governance report. Prior to that, Mr. Tsui worked in Kerry Logistics Network Limited (Stock Code: 636), a listed company in Hong Kong, as an assistant manager of the internal audit department for more than three years, and worked in various international accounting firms for more than six years, and has participated in corporate internal control review and re-organization in several initial public offerings. Mr. Tsui has over ten years of listed companies related working experience in various professional fields, such as finance and information technology internal audit, risk management, accounting and finance and started practising since 2014.

Mr. Tsui obtained a bachelor's degree in computer science from University College London in the United Kingdom in 2001 and a postgraduate degree in professional accounting from the Chinese University of Hong Kong in 2006.

Ms. Lai Pik Chi Peggy ("Ms. Lai"), aged 55, has over 20 years of auditing, accounting and financial management experience. She obtained a master degree of business administration from the University of Manchester in the United Kingdom in June 2010. She is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

Ms. Lai served as an executive director from October 2008 to May 2011, and the chairman of the board from January 2009 to May 2011 of Mandarin Entertainment (Holdings) Limited (now known as KEYNE LTD) (stock code: 9), a company listed on the Main Board of the Stock Exchange. She was the chief financial officer and company secretary from May 2012 to May 2016 and remained as the company secretary until 30 June 2016 of CIG Yangtze Ports PLC (now known as China Infrastructure & Logistics Group Ltd.) (stock code: 1719), a company listed on the GEM of the Stock Exchange and changed to listed on Main Board in January 2018. She is currently the company secretary of OCI International Holdings Limited (stock code: 329), a company listed on the Main Board of the Stock Exchange. She is also an independent non-executive director of KPa-BM Holdings Ltd (stock code: 2663) since September 2015, an independent non-executive director of KNK Holdings Limited (stock code: 8039) since August 2019 and a non-executive director of Larry Jewelry International Company Limited (stock code: 8351) since February 2020.

SENIOR MANAGEMENT

Project Manager

Mr. LEE Ho Cheong ("Mr. Lee"), aged 47, is our senior project manager who is responsible for project management and supervision. Mr. Lee joined our Group in July 2000. He has over 23 years of experience in the construction industry in Hong Kong. Prior to joining our Group, he had accumulated experience in the construction industry in Hong Kong through his employment in AECOM Asia Company Limited (formerly known as Maunsell Consultants Asia Limited) from July 1999 to July 2000, Vibro (H.K.) Limited from August 1997 to July 1999, AECOM Consulting Services Limited (formerly known as Scott Wilson (Hong Kong) Limited) from November 1995 to July 1997 and Franki Contractors Limited from November 1992 to October 1995.

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

Mr. HO Chi Ming, Alvin ("Mr. Ho"), aged 46, is our senior project manager who is responsible for project management and supervision. Mr. Ho joined our Group in May 2003. Mr. Ho has been an associate member of The Hong Kong Institution of Engineers since May 2005, a member of the Australian Institute of Building since May 2007, and is currently a member of The Hong Kong Institute of Construction Managers.

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

COMPANY SECRETARY

Mr. Chan Ching, aged 40, is the Company Secretary of the Company from 1 February 2020. He is a member of the Hong Kong Institute of Certified Public Accountants.

Pursuant to Rule 18.44 of the GEM Listing Rules, the Board is pleased to present hereby the corporate governance report of the Company for the year ended 30 April 2020.

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

CORPORATE GOVERNANCE CODE

During the year ended 30 April 2020, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules save for the deviation from code provision A.2.1 explained below.

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

Mr. Zhou Ying has been managing company's business and the overall financial and strategic planning since July 2017. The Board believes that the vesting of the roles of chairman and chief executive officer in Mr. Zhou is beneficial to the business operations and management of Group and will provide a strong and consistent leadership to the Group. In addition, due to the presence of three independent non-executive Directors which represent half of the Board, the Board considers that there is a balance of power and authority such that no one individual has unfettered power of decision. Accordingly, the Company has not segregated the roles of its chairman and chief executive officer as required by Code Provision A.2.1 of Appendix 15 to the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of provisions of conduct regarding securities transactions by the Directors the ("**Code of Conduct**") on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the year ended 30 April 2020.

BOARD OF DIRECTORS

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

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

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

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

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

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

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

Composition of the Board

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

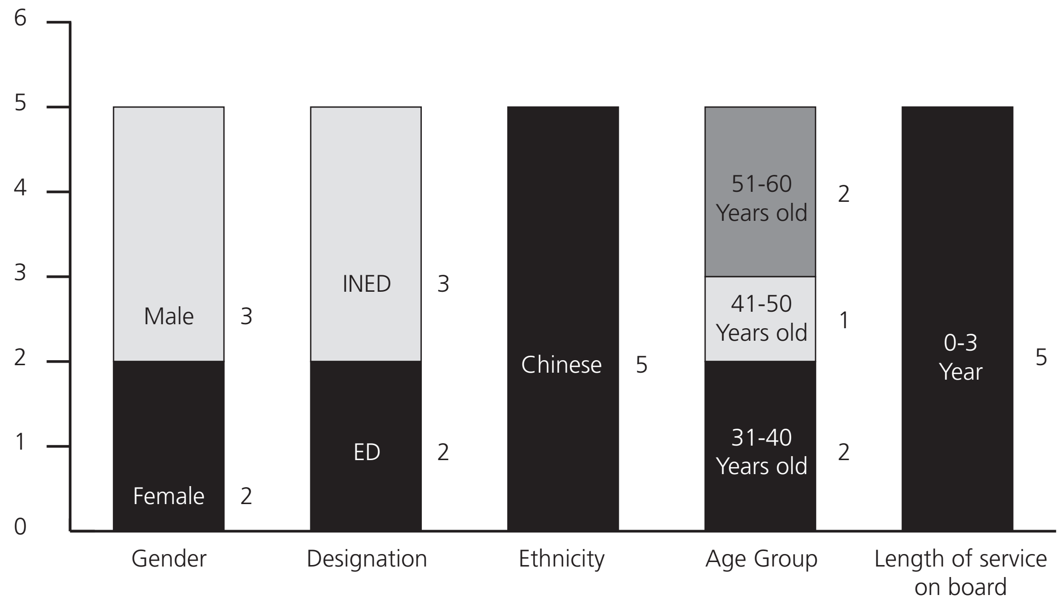
Executive Directors

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

Independent Non-executive Directors

Dr. Wong Man Hin, Raymond
Mr. Tsui Chung Ho
Ms. Lai Pik Chi Peggy

As at the date of this report, the diversity of Board's composition was summarised as follow:



In compliance with rules 5.05(1) and 5.05A of the GEM Listing Rules, the Board consisted of three INEDs during the year ended 30 April 2020, except the period between 1 June 2019 and 31 August 2019. During the year ended 30 April 2020, the number of INEDs represents more than one-third of the Board, except the period between 1 June 2019 and 31 August 2019. As such, there is a strong independent element in the Board to provide independent judgement.

Mr. Tang Yiu Wing resigned as independent non-executive director, member of Audit Committee and chairman of each of Remuneration Committee and Legal Compliance Committee with effect from 1 June 2019. Following his resignation, (i) the Company has only two independent non-executive directors, the number of which falls below the minimum number required under Rules 5.05 of the Rules Governing the Listing of Securities on the GEM Listing Rules, (ii) the Company has only two Audit Committee members, the number of which falls below the minimum number required under Rules 5.28 of the GEM Listing Rules, and (iii) the Remuneration Committee has not been chaired by an independent non-executive director as required under Rules 5.34 of the GEM Listing Rules.

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 comprised 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.

The Company has entered into a service agreement with each of the INEDs. The commencement date of each of the service agreement from the annual general meeting of the Company had been held in 2019 and up to annual general meeting of the Company to be held in 2020, which may be terminated earlier by no less than one month written notice served by either party on the other.

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

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

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

Board and General Meetings

During the year ended 30 April 2020, thirteen board meetings were held. The annual general meeting of the Company was held on 29 October 2019 (the "**2019 AGM**").

The attendance of the respective Directors at the Board meetings and the 2019 AGM are set out in the table below:

	Number of Attendance/ number of AGM	Number of Attendance/ number of Board meetings
Executive Directors		
Mr. Zhou Ying *(Chairman)*	0/1	8/10
Ms. Meng Ying	1/1	10/10
Independent Non-executive Directors		
Mr. Zheng Xuchen (resigned on 19 November 2019)	0/1	4/8
Dr. Wong Man Hin, Raymond	1/1	9/10
Mr. Tang Yiu Wing (resigned on 1 June 2019)	0/0	0/0
Mr. Tsui Chung Ho (appointed on 31 August 2019)	1/1	3/3
Ms. Lai Pik Chi Peggy (appointed on 19 November 2019)	0/0	2/2

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

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

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

Mr. Zhou Ying has been managing company's business and the overall financial and strategic planning since July 2017. The Board believes that the vesting of the roles of chairman and chief executive officer in Mr. Zhou is beneficial to the business operations and management of Group and will provide a strong and consistent leadership to the Group. In addition, due to the presence of three independent non- executive Directors which represent half of the Board, the Board considers that there is a balance of power and authority such that no one individual has unfettered power of decision. Accordingly, the Company has not segregated the roles of its chairman and chief executive officer as required by Code Provision A.2.1 of Appendix 15 to the GEM Listing Rules.

BOARD DIVERSITY POLICY

Up to the date of this corporate governance report, the Company adopted a board diversity policy (the "**Board Diversity Policy**") from the date of Listing and amended with effect from 1 January 2019. A summary of this Board Diversity Policy, together with the measureable objectives set for implementing this Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

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

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

The Nomination Committee of the Board has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the Board Diversity Policy for the year ended 30 April 2020.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

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

During the year ended 30 April 2020, the Group has provided and all existing Directors have attended at least one training course on the updates of the GEM Listing Rules concerning good corporate governance practices. The Group will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the GEM Listing Rules.

BOARD COMMITTEES

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

AUDIT COMMITTEE

The Audit Committee comprises three members, namely Dr. Wong Man Hin, Raymond (Chairman), Mr. Tsui Chung Ho and Ms. Lai Pik Chi Peggy, all of whom are INEDs. The members of the Audit Committee shall comprise non-executive Directors and shall be appointed or removed by the Board. If any member of the Audit Committee ceases to be a Director, he will cease to be a member of the Audit Committee automatically.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

During the year ended 30 April 2020, the Audit Committee had reviewed the Group's consolidated financial results for the year ended 30 April 2019, unaudited quarterly results for the three months ended 31 July 2019, interim results for the six months ended 31 October 2019, quarterly results for the nine months ended 31 January 2020 and discussed internal controls and financial reporting matters. The Audit Committee had also reviewed audited annual results for the financial year ended 30 April 2020, this annual report, and confirmed that this annual report complies with the applicable standards, the GEM Listing Rules, and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditor. In addition, the Audit Committee has reviewed the Group's compliance with the Mandatory Provident Funds laws and regulations and confirmed that there had been no non-compliance thereof during the year ended 30 April 2020.

The Board is of the view that the Audit Committee has properly discharged its duties and responsibilities during the year ended 30 April 2020 and up to the date of this report.

During the year ended 30 April 2020, the Audit Committee had held five meetings.

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

	Number of attendance/ number of meetings
Dr. Wong Man Hin, Raymond *(Chairman)*	5/5
Mr. Zheng Xuchen (resigned on 19 November 2019)	2/2
Mr. Tang Yiu Wing (resigned on 1 June 2019)	0/0
Mr. Tsui Chung Ho (appointed on 31 August 2019)	3/3
Ms. Lai Pik Chi Peggy (appointed on 19 November 2019)	2/2

REMUNERATION COMMITTEE

The Remuneration Committee comprises three members, namely Mr. Tsui Chung Ho, Dr. Wong Man Hin, Raymond and Ms. Lai Pik Chi Peggy. All of them are INEDs of the Company.

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

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

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

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

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

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

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

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

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

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

The members of the Remuneration Committee should meet at least once a year. During the year ended 30 April 2020, two meetings of the Remuneration Committee was held and has, inter alia, reviewed the remuneration packages for individual executive Directors and senior management and making recommendations to the Board.

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

	Number of attendance/ number of meetings
Mr. Tang Yiu Wing *(Chairman)* (resigned on 1 June 2019)	0/0
Mr. Tsui Chung Ho *(Chairman)* (appointed on 31 August 2019)	0/0
Mr. Zheng Xuchen (resigned on 19 November 2019)	2/2
Dr. Wong Man Hin, Raymond	2/2
Ms. Lai Pik Chi Peggy (appointed on 19 November 2019)	0/0

The Board is of the view that the Remuneration Committee has properly discharged its duties and responsibilities during the year ended 30 April 2020 and up to date of this report.

NOMINATION COMMITTEE

The Nomination Committee comprises three members, namely Mr. Zhou Ying (Chairman), Dr. Wong Man Hin, Raymond and Ms. Lai Pik Chi Peggy. Dr. Wong Man Hin, Raymond and Ms. Lai Pik Chi Peggy are INEDs of the Company.

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

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

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

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

4. to assess the independence of INEDs; and

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

When making recommendations regarding the appointment of any proposed candidate to the Board or reappointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:

a. Reputation for integrity.

b. Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy.

c. Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments.

d. Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

e. Such other perspectives appropriate to the Company's business.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee may consider other factors so to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

The members of the Nomination Committee should meet at least once a year. During the year ended 30 April 2020, two meetings of the Nomination Meeting was held and has, inter alia, reviewed the structure, size and composition of the Board, assessed the independence of the INEDs and considered the Directors to retire and stand for re-election at the 2019 AGM. The Nomination Committee has also reviewed the board diversity policy as set out in the paragraph headed "Board Diversity Policy" above.

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

	Number of attendance/ number of meetings
Mr. Zhou Ying *(Chairman)*	1/2
Mr. Zheng Xuchen (resigned on 19 November 2019)	2/2
Dr. Wong Man Hin, Raymond	2/2
Ms. Lai Pik Chi Peggy (appointed on 19 November 2019)	0/0

LEGAL COMPLIANCE COMMITTEE

The Legal Compliance Committee comprises three members, namely Mr. Tsui Chung Ho, Dr. Wong Man Hin, Raymond and Ms. Lai Pik Chi Peggy. All of them are INEDs of the Company.

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

The members of the Legal Compliance Committee should meet at least once a year. During the year ended 30 April 2020, a meeting of the Legal Compliance Committee was held and has, inter alia, reviewed the Company's regulatory compliance procedures and systems and compliance with the code and the other legal and regulatory requirements.

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

	Number of attendance/ number of meetings
Mr. Tang Yiu Wing *(Chairman)* (resigned on 1 June 2019)	0/0
Mr. Tsui Chung Ho *(Chairman)* (appointed on 31 August 2019)	0/0
Mr. Zheng Xuchen (resigned on 19 November 2019)	1/1
Dr. Wong Man Hin, Raymond	1/1
Ms. Lai Pik Chi Peggy (appointed on 19 November 2019)	0/0

AUDITOR'S REMUNERATION

During the year ended 30 April 2020, the Group engaged Elite Partners CPA Limited ("**Elite Partners**") as the Group's external auditor. The remuneration paid and payable to Elite Partners (including its affiliates) is set out as follows:

	Fees paid/payable for the services rendered	
	2020 (HK$'000)	2019 (HK$'000)
Audit services	**530**	510
Non-audit services	**23**	118
Total	**553**	628

COMPANY SECRETARY

Any executive Director will be the person to whom such external service provider can contact with. The Company appointed Ms. Hui Wai Man, Shirley ("**Ms. Hui**") as the company secretary of the Company from an external secretarial services provider and she resigned with effect from 1 February 2020. Mr. Chan Ching ("**Mr. Chan**") has been appointed as the company secretary of the Company from an external secretarial services provider with effect from 1 February 2020.

During the year ended 30 April 2020, Ms. Hui and Mr. Chan have undertaken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

COMPLIANCE OFFICER

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

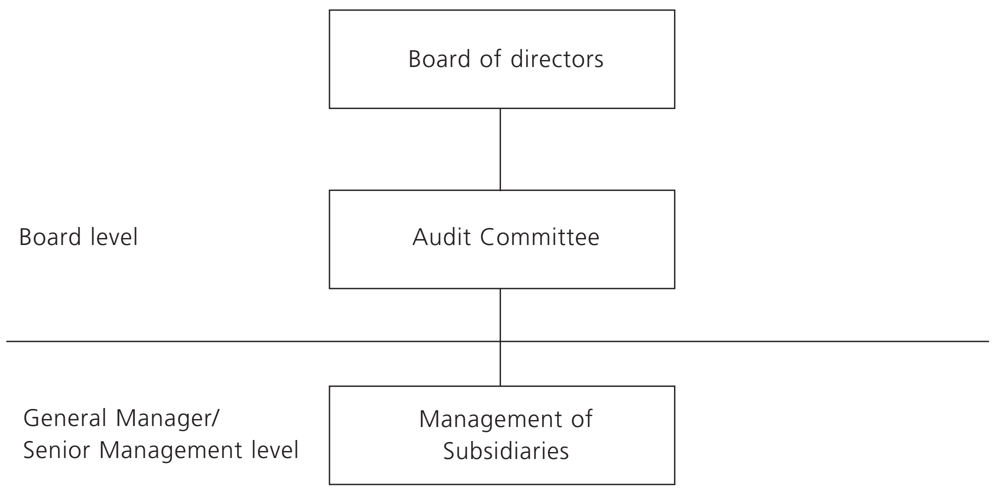
RISK MANAGEMENT AND INTERNAL CONTROL

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

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

Main features of the risk management and internal control systems

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



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

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

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

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

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

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

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

The Board further considers that (i) there was no material issue relating to the Group's risk management and internal controls, including financial, operational and compliance controls and risk management functions of the Group; and (ii) that there were adequate staff with appropriate and adequate qualifications and experience, resources for accounting, internal audit and financial reporting functions, and adequate training programmes had been provided during the year ended 30 April 2020.

In addition, the Group has engaged a professional advisory firm of internal control to perform regular review of the internal control system of the Group for the year ended 30 April 2020 and the results were summarized and reported to the Audit Committee and the Board. The Board will continue to strive for a better control by way of consulting with the professional adviser and adopting the recommendations made by the firm.

REMUNERATION OF THE SENIOR MANAGEMENT

For the year ended 30 April 2020, the remuneration of the senior management is listed below by band:

Remuneration band	Number of individuals
Nil to HK$500,000	2
HK$500,001 to HK$1,000,000	4

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

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

GENERAL MEETINGS WITH SHAREHOLDERS

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

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

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meeting on Requisition by Shareholders

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

Procedures for Shareholders' Nomination of Directors

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

Procedures for directing shareholders' enquiries to the Board

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

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

Investor Relations

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

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

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

Address: Unit 1511, 15/F
Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

Email: info@zjuvholdings.com

Significant Changes in Constitutional Documents

During the year ended 30 April 2020, there had been no significant changes in the constitutional documents of the Company.

The Board is pleased to present the annual report together with the audited consolidated financial statements for the year ended 30 April 2020.

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 20 May 2015. Its registered office and principal place of business are at Clifton House, 75 Fort Street, PO Box 1350 Grand Cayman KY1-1108, Cayman Islands and Unit 1511, 15/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, respectively.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**Companies Ordinance**"), including a discussion of the principal risks and uncertainties facing the Group, environmental policies of the Group, compliance with laws and regulations by the Group, its relationship with customers, suppliers, subcontractors and employees and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 5 to 12 of this annual report. This discussion forms part of this directors' report.

SEGMENT INFORMATION

An analysis of the Group's performance for the year ended 30 April 2020 by operating segment is set out in note 5 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on page 102 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 April 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on page 47.

The Board did not recommend payment of final dividend to shareholders of the Company for the year ended 30 April 2020.

PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Details of movements of the property, plant and equipment and right-of-use assets of the Group during the year ended 30 April 2020 are set out in notes 13 and 14 to the consolidated financial statements respectively.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 April 2020 are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

The Company's total issued share capital as at 30 April 2020 was 1,577,200,000 ordinary shares of HK$0.01 each.

Details of movements of the share capital of the Company during the year ended 30 April 2020 are set out in note 23 to the consolidated financial statements.

EMOLUMENT POLICY FOR DIRECTORS

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

CHARITABLE DONATIONS

Charitable and other donation made by the Group during the year amounted to HK$327,000 (2019: HK$10,000).

RESERVES

As of 30 April 2020, the reserves of the Company available for distribution, as calculated in accordance with the Companies Law Cap. 22 of Cayman Islands, was approximately HK$18.0 million (2019: HK$31.7 million) inclusive of share premium and retained earnings/(accumulated losses).

DIRECTORS

The Directors during the year ended 30 April 2020 and up to the date of this report were:

Executive Directors

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

Independent Non-Executive Directors

Mr. Zheng Xuchen (resigned on 19 November 2019)
Dr. Wong Man Hin, Raymond
Mr. Tang Yiu Wing (resigned on 1 June 2019)
Mr. Tsui Chung Ho (appointed on 31 August 2019)
Ms. Lai Pik Chi Peggy (appointed on 19 November 2019)

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

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

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

DIRECTORS' SERVICE CONTRACT

All Directors have entered into service agreements with the Company for a term commencing from their respective date of appointment. All of these service agreements may be terminated earlier by no less than one month written notice served by either party on the other.

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

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

Pursuant to Article 112 of the Articles, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after her appointment and be subject to re-election at such meeting. Ms. Lai Pik Chi Peggy will retire from office as Director at the forthcoming AGM, and being eligible, offer herself for re-election.

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

DISCLOSURE OF INTERESTS

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

As at 30 April 2020, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as referred to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long position in the Company's shares

Name of Director	Capacity/Nature	Number of shares held/ interested	Percentage of shareholding
Mr. Zhou Ying	Interest of a controlled corporation (Note 1)	950,000,000	60.23%

Note 1:

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

(ii) Long position in the shares of associated corporations

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

Note:

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

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

As at 30 April 2020, the interest and short positions of the person (other than the Directors or chief executive of the Company) or company which was required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity/Nature	Number of shares held/ interested	Percentage of shareholding
United Financial Holdings Group Limited	Beneficial owner	950,000,000	60.23%
Century Investment Holdings Limited	Interest of a controlled corporation	950,000,000	60.23%

Save as disclosed above, as at 30 April 2020, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

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

	2020	2019
	%	%
Percentage of revenue:		
From the five largest customers	**96.4**	95.4
From the largest customer	**61.8**	50.6
Percentage of construction material purchases and construction subcontracted:		
From the five largest suppliers	**86.7**	94.5
From the largest supplier	**41.1**	50.3

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

DIVIDEND POLICY

The Company has adopted a dividend policy ("**Dividend Policy**"), pursuant to which the Company may distribute by way of (i) cash or (ii) shares as may be determined by the board of directors of the Company from time to time. The profit distribution policy of the Company is:

(a) Profit distribution policy of the Company shall achieve continuity, stability and sustainability;

(b) The Company targets a payout ratio with balance on distribution of profits and profits retained for business operation and future development;

(c) Profit distribution of the Company shall take into account:

- (i) the earnings per share of the Company;
- (ii) the reasonable return in investment of the investors and the shareholders in order to provide incentive to them to continue to support the Company in their long-term development;
- (iii) the financial conditions and business plan of the Company; and
- (iv) the market sentiment and circumstances.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the related party transactions disclosed in note 26 to the consolidated financial statements, no other transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a director or an entity connected with a director had a material interests directly or indirectly subsisted at 30 April 2020 or at any time during the year ended 30 April 2020.

MANAGEMENT CONTRACTS

No management contracts concerning the whole or any substantial part of the business of the Company were entered into or existed during the year ended 30 April 2020.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than those disclosed under the paragraph headed "Share Option Scheme" and "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures", at no time during the year ended 30 April 2020 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective close associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Company had not entered into any connected transaction during the year ended 30 April 2019 which is required to be disclosed under the GEM Listing Rules. Related party transactions entered into by the Group during the year ended 30 April 2020, which constitute fully exempt continuing connected transactions under Chapter 20 of the GEM Listing Rules are disclosed in note 26 to the consolidated financial statements.

INTERESTS IN COMPETING BUSINESS

None of the Directors, controlling shareholders nor substantial shareholders of the Company nor their respective associates (as defined in the GEM Listing Rules) had held any position or had interest in any businesses or companies that were or might be materially competing with the business of the Group, or gave rise to any concern regarding conflict of interests during the year ended 30 April 2020.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30 April 2020.

SHARE OPTION SCHEME

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

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

The total number of shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue.

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

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

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

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 30 April 2020, there were 60,000,000 options outstanding in relation to the grant of share options on 23 September 2019 under the Scheme.

No share options was granted during the year ended 30 April 2019.

PERMITTED INDEMNITY

During the year ended 30 April 2020, the Company has arranged Directors' and officers' liability insurance for all Directors and senior management of the Company. The insurance covers the corresponding costs, charges, expenses and liabilities for legal action of corporate activities against them.

PRE-EMPTIVE RIGHTS

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

EVENTS AFTER REPORTING PERIOD

Since January 2020, the outbreak of Novel Coronavirus ("**COVID-19**") has impact on the global business environment. Pending the development and spread of COVID-19 subsequent to the date of this report, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of this report. The Group will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

PUBLIC FLOAT

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

AUDITOR

On 20 June 2019, Grant Thornton Hong Kong Limited resigned and Elite Partners CPA Limited ("**Elite Partners**") was appointed as the auditors of the Group. There have been no other changes of auditors in the past three years.

The financial statements of the Company have been audited by Elite Partners who retire and, being eligible, offer themselves for re-appointment as auditor of the Company at the forthcoming annual general meeting. A resolution for the appointment of Elite Partners as the auditor of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

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

Hong Kong, 31 July 2020

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

OPINION

We have audited the consolidated financial statements of Zhejiang United Investment Holdings Group Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 47 to 101, which comprise the consolidated statement of financial position as at 30 April 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 April 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How the matter was addressed in our audit
Recognition of contracts revenue and costs	
Refer to notes 2.9 and 5 to the consolidated financial statements. The Group recognised contract revenue and costs of HK$144,816,000 and HK$143,467,000 respectively for the year ended 30 April 2020. The Group's revenue and costs of construction contracts are recognised by reference to the stage of completion of the construction contract at the end of the reporting period with reference to the progress certificates issued by the customers and their agents. They are significant to the consolidated financial statements as a whole and significant management's estimations and judgments required in estimating the contract revenue, contract costs and variation works which may have an impact on the stage of completion of the construction contracts and the corresponding profit taken. We identified the recognition of contract revenue and costs as a key audit matter because the estimation of the total contract revenue and total contract costs to complete contracts require significant management judgement and estimation and the associated financial statement items are quantitatively significant to the consolidated financial statements as a whole.	Our audit procedures in relation to the recognition of contract revenue and costs included: – Obtaining an understanding of and evaluating the key internal controls on recognition of contract revenue and costs; – Discussing with the Group's management on the performance of the major contract in progress during the year; – Reviewing and challenging the key estimates and assumptions in the forecast of contract revenue and contract costs, including estimated cost to completion variation orders and claims; – Comparing the contract revenue recognised with reference to the progress certificates issued by the customers and their agents; – Testing, on a sample basis, the contract agreement with subcontractors, goods receipt notes and other underlying supporting documents during the reporting period; and – Performing site visits, on a sample basis, to observe the progress of individual contract and discussing with site personnel the status of each project and evaluating whether the project progress was consistent with the agreed timetable and the Group's financial accounting records. We considered the management's estimation used to determine the revenue and budget costs as well as the contract revenue and costs recognised to be supportable based on the evidence available.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How the matter was addressed in our audit

Allowance for credit loss of trade receivables and contract assets

Refer to notes 2.7, 2.9, 16 and 17 to the consolidated financial statements.

The carrying amounts of the Group's trade receivables and contract assets amounted to HK$23,783,000 and HK$13,178,000 respectively as at 30 April 2020.

Management performed credit evaluations for the Group's customers and assessed expected credit losses of trade receivables and contract assets. These assessments were focused on the customers' settlement history and their current ability to pay, and took into account forward-looking information specific to respective customer as well as pertaining to the economic environment in which the customer operated.

We identified the allowance for credit loss of trade receivables and contract assets as a key audit matter because of the inherent uncertainty in assessing if trade receivables and contract assets will be recovered in full and because the assessment of allowance for credit loss requires the exercise of significant management judgement.

Our audit procedures in relation to the allowance for credit loss of trade receivables and contract assets included:

– Obtaining an understanding of and assessing the design and implementation of key internal controls relating to credit control, debt collection, estimate of allowance for credit loss and making related allowances;

– Obtaining an understanding on the key data and assumptions of the allowance for credit loss model adopted by the Group, including the basis of the segmentation of the trade receivables and contract assets based on credit risk characteristics, the historical default data, and the assumptions involved in management's estimated loss rate;

– Assessing the reasonableness of management's estimate of allowance for credit loss by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical credit loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and

– Testing, on a sample basis, the subsequent settlement and actual billing to customers.

We considered the management conclusion to be consistent with the available information.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

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

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

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

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

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

Elite Partners CPA Limited
Certified Public Accountants
10/F, 8 Observatory Road
Tsim Sha Tsui
Hong Kong

31 July 2020

Lock Kwong Hang, Simon
Practising Certificate Number: P06735

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 April 2020

	Notes	2020 HK$'000	2019 HK$'000
Revenue	5	**144,816**	158,401
Direct costs		**(143,467)**	(153,018)
Gross profit		**1,349**	5,383
Other income and other net (loss)/gain	6	**(1,424)**	3,189
Administrative expenses		**(41,460)**	(21,456)
Finance costs	7	**(254)**	(12)
Loss before taxation	8	**(41,789)**	(12,896)
Income tax credit/(expense)	9	**170**	(630)
Loss for the year		**(41,619)**	(13,526)
Other comprehensive expense for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements of foreign operations		**(1,108)**	(1,027)
Total comprehensive expense for the year		**(42,727)**	(14,553)
Loss for the year attributable to:			
Owners of the Company		**(39,581)**	(13,526)
Non-controlling interests		**(2,038)**	–
		(41,619)	(13,526)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(40,724)**	(14,553)
Non-controlling interests		**(2,003)**	–
		(42,727)	(14,553)
Loss per share for loss attributable to owners of the Company	11	**HK cents**	HK cents
Basic and diluted		**(2.51)**	(0.94)

The notes are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 April 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment	13	**1,327**	1,809
Right-of-use assets	14	**6**	–
		1,333	1,809
Current assets			
Trade and other receivables	16	**109,297**	78,264
Contract assets	17	**13,178**	23,186
Tax recoverable	22	**343**	620
Cash and cash equivalents	18	**37,408**	33,682
		160,226	135,752
Current liabilities			
Trade and other payables	19	**83,252**	70,790
Contract liabilities	17	**–**	2,490
Amount due to a director	20	**418**	1,202
Lease liabilities/Finance lease liabilities	21	**4**	23
Tax payable	22	**552**	–
		84,226	74,505
Net current assets		**76,000**	61,247
Total assets less current liabilities		**77,333**	63,056
Non-current liabilities			
Lease liabilities/Finance lease liabilities	21	**–**	4
Net assets		**77,333**	63,052
Capital and reserves			
Share capital	23	**15,772**	14,400
Reserves		**63,564**	48,652
Equity attributable to owners of the Company		**79,336**	63,052
Non-controlling interests		**(2,003)**	–
Total equity		**77,333**	63,052

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 July 2020 and are signed on its behalf by:

Mr. Zhou Ying
Director

Ms. Meng Ying
Director

The notes are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 April 2020

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium* HK$'000	Share-based payment reserve* HK$'000 (note a)	Merger reserve* HK$'000 (note b)	Exchange reserve* HK$'000 (note c)	Retained earnings/ (accumulated losses)* HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
As at 1 May 2018	14,400	24,457	–	18,001	–	20,747	77,605	–	77,605
Loss for the year	–	–	–	–	–	(13,526)	(13,526)	–	(13,526)
Other comprehensive expense for the year									
– Exchange differences on translating foreign operations	–	–	–	–	(1,027)	–	(1,027)	–	(1,027)
Total comprehensive expense for the year	–	–	–	–	(1,027)	(13,526)	(14,553)	–	(14,553)
As at 30 April 2019 and 1 May 2019	14,400	24,457	–	18,001	(1,027)	7,221	63,052	–	63,052
Loss for the year	–	–	–	–	–	(39,581)	(39,581)	(2,038)	(41,619)
Other comprehensive expense for the year									
– Exchange differences on translating foreign operations	–	–	–	–	(1,143)	–	(1,143)	35	(1,108)
Total comprehensive expense for the year	–	–	–	–	(1,143)	(39,581)	(40,724)	(2,003)	(42,727)
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
As at 30 April 2020	**15,772**	**72,131**	**7,962**	**18,001**	**(2,170)**	**(32,360)**	**79,336**	**(2,003)**	**77,333**

* The total amounts of these balances represent "Reserves" in the consolidated statement of financial position.

Notes:

(a) 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 as staff costs and related expenses with a corresponding increase in the share-based payment reserve.

(b) 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.

(c) Exchange reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollar ("HK$")) and are recognised directly in other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are reclassified to profit or loss on the disposal of the foreign operations.

Consolidated Statement of Cash Flows

For the year ended 30 April 2020

	2020 HK$'000	2019 HK$'000
Operating activities		
Loss before taxation	**(41,789)**	(12,896)
Adjustments for:		
Interest income	**(163)**	(103)
Depreciation of property, plant and equipment	**695**	659
Depreciation of right-of-use asset	**3,794**	–
Finance costs	**254**	12
Gain on disposal of property, plant and equipment	**–**	(2)
Gain on early termination of lease	**(93)**	–
Written off of property, plant and equipment	**652**	–
Equity settled share-based payment expenses	**7,962**	–
Impairment loss on financial assets	**656**	–
Operating cash flows before movements in working capital	**(28,032)**	(12,330)
Increase in trade and other receivables	**(35,629)**	(15,883)
Decrease/(increase) in contract assets	**9,874**	(1,843)
Increase in trade and other payables	**12,873**	27,871
(Decrease)/increase in contract liabilities	**(2,490)**	210
Cash used in operations	**(43,404)**	(1,975)
Income tax refunded/(paid), net	**999**	(480)
Net cash used in operating activities	**(42,405)**	(2,455)
Investing activities		
Interest received	**163**	103
Purchase of property, plant and equipment	**(894)**	(962)
Proceeds from disposal of property, plant and equipment	**–**	2
Decrease in bank deposits with original maturity more than three months	**–**	20,000
Net cash (used in)/generated from investing activities	**(731)**	19,143

Consolidated Statement of Cash Flows

For the year ended 30 April 2020

	2020 HK$'000	2019 HK$'000
Financing activities		
Repayment to a director	**(784)**	(1,059)
Repayment of lease liabilities/finance leases liabilities	**(3,728)**	(23)
Interest paid	**(254)**	(12)
Proceeds from placing of shares	**49,046**	–
Net cash generated from/(used in) financing activities	**44,280**	(1,094)
Net increase in cash and cash equivalents	**1,144**	15,594
Effect of foreign exchange rate changes	**2,582**	(1,027)
Cash and cash equivalents at the beginning of year	**33,682**	19,115
Cash and cash equivalents at the end of year		
represented by cash and cash equivalents	**37,408**	33,682

The notes are an integral part of the consolidated financial statements.

1. GENERAL INFORMATION

1.1 General information

Zhejiang United Investment Holdings Group Limited (the "Company") was incorporated in the Cayman Islands on 20 May 2015 as an exempted company with limited liability and its shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (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 60.23% of issued shares of the Company. United Financial Holdings is 100% owned by Century Investment, a company incorporated in the Cayman Islands and is wholly owned by Mr. Zhou Ying ("Mr. Zhou") (the "Controlling Shareholder").

The 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 and other general building works in Hong Kong.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

2.2 Basis of preparation

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 May 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of preparation (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment

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

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

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

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

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

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

2.5 Leases

Definition of a lease (upon application of HKFRS 16)

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.

For contracts entered into or modified or arising from business combinations 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, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16)

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, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Leases (Continued)

The Group as a lessee (upon application of HKFRS 16) (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises 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 leases and leases of low-value assets are recognised as expense on a straight-line basis.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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 are 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.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

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.

The lease payments include fixed payments (including in-substance fixed payments).

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) when 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Leases (Continued)

The Group as a lessee (upon application of HKFRS 16) (Continued)

Lease liabilities (Continued)

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

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.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

The Group as a lessee (prior to 1 May 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as finance leases liabilities.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as operating leases. All leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Rental income is presented as other income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable mount individually, the Group estimates the recoverable amount of the cash-generating unit (the "CGU") to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGU, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no Impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial instruments

Financial assets and financial liabilities are recognised when group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, contract assets and bank balances, which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amounts, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities measured at amortised cost (including trade and other payables, amount due to a director and lease liabilities/finance lease liabilities) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Provisions, contingent liabilities and contingent assets

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

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

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

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

2.9 Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a service that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation.

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Revenue from contracts with customers (Continued)

Construction contracts

Revenue mainly arises from the provision of performing slope works and foundation works in Hong Kong.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue from construction contracts are recognised over time as the Group's performance creates and enhances an asset that the customer controls.

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

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

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

The employees of the Company's subsidiaries which operate in the People's Republic of China (the "PRC") are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Short-term employee benefits

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

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

2.11 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive expense and accumulated in equity under the heading of exchange reserve.

2.12 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to accumulated losses.

2.14 Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Segment reporting

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

2.16 Related parties

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

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

- (i) has control or joint control over of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group (if the Group is itself such a plan) and the sponsoring employers are also related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

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

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

3.1 New and amendments to HKFRSs that are effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

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

Except as described below, the application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

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

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 with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 May 2019.

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

i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. 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; and

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (CONTINUED)

3.1 New and amendments to HKFRSs that are effective for the current year (Continued)

As a lessee (Continued)

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

	HK$'000
Operating lease commitments disclosed as at 30 April 2019	6,932
Less: Recognition exemption – short-term leases with remaining lease term ending on or before 30 April 2020	(268)
Less: Total future interest expenses	(270)
Present value of remaining lease payments discounted using the incremental borrowing rate as at 1 May 2019	6,394
Add: Finance lease liabilities recognised as at 30 April 2019	27
Total lease liabilities recognised as at 1 May 2019	6,421

The weighted average incremental borrowing rate used for determination of the present value of the remaining lease payments was 4.05%.

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

	HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16, represented leased property	6,394
Reclassified from property, plant and equipment	29
Right-of-use assets as at 1 May 2019	6,423

Transition to HKFRS 16 does not have impact on retained earnings as at 1 May 2019.

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

	Carrying amount previously reported as at 30 April 2019 HK$'000	Reclassification HK$'000	Carrying amount under HKFRS 16 as at 1 May 2019 HK$'000
Non-current assets			
Property, plant and equipment	1,809	(29)	1,780
Right-of-use asset	–	6,423	6,423
Current liabilities			
Finance leases liabilities	23	(23)	–
Lease liabilities	–	4,461	4,461
Non-current liabilities			
Finance leases liabilities	4	(4)	–
Lease liabilities	–	1,960	1,960

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (CONTINUED)

3.2 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendments to HKFRS 16	Covid-19 Related Rent Concession[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRSs	Annual Improvement to HKFRSs 2018-2020[5]

[1] *Effective for annual periods beginning on or after 1 January 2020.*
[2] *Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.*
[3] *Effective for annual periods beginning on or after 1 January 2021.*
[4] *Effective for annual periods beginning on or after 1 June 2020.*
[5] *Effective for annual periods beginning on or after 1 January 2022.*
[6] *Effective for annual periods beginning on or after a date to be determined.*

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework* in HKFRS standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors do not anticipate that the application of new and amendments to HKFRSs will have material impact on the Group's financial positions and performance.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

(a) Revenue recognition for construction contract

The management recognise revenue from construction contract based on output method, which is to recognise revenue on the basis of direct measurement of the value of construction work transferred to the customer to date relative to the remaining construction works promised to be completed under the construction contract. Most construction works take years to complete and the scope of work may change during the construction period. Management estimate the revenue and budgeted costs at the commencement of the construction contracts and regularly assess the progress of construction works as well as the financial impact of scope changes, claims, disputes and liquidation damages. The management's estimate of revenue and the completion status of construction works requires significant judgement and has a significant impact on the amount and timing of revenue recognised. The construction works performed by the Group would be certified by the independent quantity surveyors appointed by the customers periodically. The Group regularly reviews and revises the estimation of contract revenue prepared for each construction contract as the contract progresses based on the internal construction progress reports and the certification issued by the independent quantity surveyors.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(b) Estimation of impairment of trade receivables, contract assets and other financial assets

The Group makes allowances on items subjects to ECL (including trade and other receivables, contract assets and bank balances) based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period as set out in note 2.7. The carrying amounts of trade and other receivables and contract assets at the end of the reporting period is set out in notes 16 and 17 to the consolidated financial statements.

5. REVENUE

The Group's revenue recognised during the year is as follows:

	2020 HK$'000	2019 HK$'000
Types of service		
Slope works	**134,631**	137,726
Foundation works	**10,185**	20,600
Consultancy fee	**–**	75
Revenue from contracts with customers	**144,816**	158,401

	2020 HK$'000	2019 HK$'000
Timing of recognition revenue		
Over time	**144,816**	158,401

Remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as at 30 April 2020 and 2019:

	2020 HK$'000	2019 HK$'000
Remaining performance obligations expected to be satisfied	**121,471**	336,316

Segment information

The Group has determined the operating segments based on the information reported to the CODM. During the year, the CODM regards the Group's business of performing slope work and foundation work in Hong Kong as a single operating segment and assesses the operating performance and allocates the resources of the Group as a whole. Accordingly, no segment information is presented.

5. REVENUE (CONTINUED)

Geographical information

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

Information about major customers

Revenue from each of the major customers, which amounted to 10% or more of the Group's total revenue, is set out below:

	2020	2019
	HK$'000	HK$'000
Customer A	**89,564**	80,154
Customer B	**19,633**	45,392
Customer C	**21,491**	N/A

N/A: Revenue from the customer during the year did not exceed 10% of the Group's revenue.

Except disclosed above, no other customers contributed 10% or more to the Group's revenue for both years.

6. OTHER INCOME AND OTHER NET (LOSS)/GAIN

	2020	2019
	HK$'000	HK$'000
Other income		
Bank interest income	**163**	103
Rental income from lease of machinery	**–**	1,085
Sundry income	**1,014**	603
	1,177	1,791
Other net (loss)/gain		
Exchange difference, net	**(2,694)**	1,396
Gain on early termination of lease	**93**	–
Gain on disposal of property, plant and equipment	**–**	2
	(2,601)	1,398
	(1,424)	3,189

7. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interest on lease liabilities/finance lease liabilities	**254**	12

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	2020 HK$'000	2019 HK$'000
(a) Staff costs (including directors' emoluments (note 12(a))		
Salaries, wages and other benefits	**6,194**	5,776
Retirement benefit schemes contribution	**240**	160
Equity-settled share-based payment expenses	**7,962**	–
	14,396	5,936
(b) Other items		
Auditor's remuneration	**553**	628
– Audit service	**530**	510
– Non-audit service	**23**	118
Depreciation charge:		
– owned property, plant equipment	**652**	659
– right-of-use assets	**3,794**	–
	4,489	659
Written-off of property, plant and equipment	**652**	–
Gain on early termination of right-of-use assets	**(93)**	–
Research and development expenses	**9,741**	–
Impairment loss recognised under expected credit loss model, net of reversal	**656**	–
– Trade and other receivables	**522**	–
– Contract assets	**134**	–
Gain on disposal of property, plant and equipment	**–**	(2)
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	**–**	7,790
Expenses relating to short-term leases	**709**	–
Subcontracting charges (included in direct costs)	**142,754**	151,669

9. INCOME TAX CREDIT/(EXPENSE)

	2020 **HK$'000**	2019 HK$'000
Hong Kong Profits Tax:		
Current year	**–**	630
Over-provision in respect of prior years	**(170)**	–
Income tax (credit)/expense	**(170)**	630

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

(ii) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rate regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rate regime, the first HK$2 million of profits of a qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

For the year ended 30 April 2020 and 2019, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two- tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

(iii) No provision for the PRC Enterprise Income Tax has been made as the subsidiaries of the Group located in the PRC did not generated any taxable income for the year ended 30 April 2020 (2019: Nil).

9. INCOME TAX CREDIT/(EXPENSE) (CONTINUED)

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

	2020 HK$'000	2019 HK$'000
Loss before taxation	**(41,789)**	(12,896)
Notional tax at the rate applicable to loss in the tax jurisdictions concerned	**(7,854)**	(2,004)
Tax effect of expense not deductible for tax purpose	**6,559**	2,719
Tax effect of income not taxable	**(27)**	(17)
Temporary differences not recognised	**52**	(68)
Over-provision in prior years	**(170)**	–
Tax loss not recognised	**1,270**	–
Income tax (credit)/expense	**(170)**	630

As at 30 April 2020, no deferred taxation has been provided as there are no significant unrecognised temporary differences (2019: Nil).

10. DIVIDENDS

No dividend was paid or proposed during the years ended 30 April 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

11. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the followings:

	2020 HK$'000	2019 HK$'000
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic loss per share	**(39,581)**	(13,526)

	2020 '000	2019 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,574,201**	1,440,000

As the Company's outstanding share options where applicable had an anti-dilutive effect to the basic loss per share calculation, the exercise of the above potential dilutive shares is not assumed in the calculation of diluted loss per share for the year ended 30 April 2020.

There were no dilutive potential ordinary shares for the year ended 30 April 2019 and therefore, diluted loss per share is the same as the basic loss per share.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(a) Directors' and chief executive's emoluments

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

	Fee HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit schemes contributions HK$'000	Total HK$'000
2020				
Executive directors:				
Mr. Zhou				
(Chairman and Chief Executive Officer)	–	1,200	18	1,218
Ms. Meng Ying ("Ms. Meng")				
(Compliance Officer)	–	583	36	619
Independent Non-executive directors:				
Mr. Tsui Chung Ho (note a)	121	–	–	121
Dr. Wong Man Hin, Raymond	180	–	–	180
Ms. Lai Pik Chi, Peggy (note b)	54	–	–	54
Mr. Tang Yiu Wing (note c)	15	–	–	15
Mr. Zheng Xuchen (note d)	99	–	–	99
	469	1,783	54	2,306

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

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

	Fee HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit schemes contributions HK$'000	Total HK$'000
2019				
Executive directors:				
Mr. Zhou (Chairman and Chief Executive Officer)	–	1,200	18	1,218
Ms. Meng (Compliance Officer)	–	540	18	558
Independent Non-executive directors:				
Mr. Zheng Xuchen	180	–	–	180
Mr. Wong Man Hin, Raymond	180	–	–	180
Mr. Tang Yiu Wing (note c)	180	–	–	180
	540	1,740	36	2,316

Notes:

(a) Mr. Tsui Chung Ho was appointed as an Independent non-executive director on 31 August 2019.

(b) Ms. Lai Pik Chi, Peggy was appointed as an independent non-executive director on 19 November 2019.

(c) Mr. Tang Yiu Wing was resigned as an independent non-executive director of the Company on 1 June 2019.

(d) Mr. Zheng Xuchen was resigned as an independent non-executive director on 19 November 2019.

Mr. Zhou is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

Except for disclosed in note 26, no other transactions, arrangements and contracts in relation to the Group's business to which the Company or any subsidiaries of the Company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the year.

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

(b) Five highest paid individuals

For the year ended 30 April 2020, one director is among the five highest paid individuals (2019: one). The aggregate of the emoluments in respect of the remaining four (2019: four) highest paid individuals are as follows:

	2020 **HK$'000**	2019 HK$'000
Salaries, fee and allowances	**867**	3,475
Discretionary bonuses	**–**	264
Retirement benefit schemes contributions	**30**	90
Equity-settled share-based payment expenses	**7,962**	–
	8,859	3,829

The emoluments fell within the following bands:

	Number of individuals	
	2020	2019
Emolument bands		
Nil – HK$1,000,000	**–**	4
HK$1,000,001 – HK$2,000,000	**2**	–
HK$2,000,001 – HK$3,000,000	**2**	–

No directors or the five highest paid individuals received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 30 April 2020 (2019: Nil).

None of the directors or chief executive waived or agreed to waive any emoluments in both years, except for Mr. Zheng Xuchen waived the director's fee outstanding by the Company with the amount of approximately HK$174,000.

The emoluments paid or payable to members of senior management (excluding the directors) were within the following bands:

	Number of employees	
	2020	2019
Nil–HK$1,000,000	**–**	4
HK$1,000,000 – HK$2,000,000	**–**	–
HK$2,000,000 – HK$3,000,000	**2**	–

The emoluments of 2 (2019: 4) members of senior management are included in five highest paid individuals for the year ended 30 April 2020 as set out above.

13. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Total HK$'000
Cost					
As at 1 May 2018	2,463	860	746	1,360	5,429
Additions	–	953	9	–	962
Disposals	–	(179)	–	–	(179)
As at 30 April 2019 (originally stated)	2,463	1,634	755	1,360	6,212
Adjustment upon application of HKFRS 16 (note 3)	–	–	(115)	–	(115)
As at 1 May 2019 (restated)	2,463	1,634	640	1,360	6,097
Additions	–	880	14	–	894
Written off on early termination	–	–	–	(1,360)	(1,360)
As at 30 April 2020	2,463	2,514	654	–	5,631
Accumulated depreciation					
As at 1 May 2018	(2,463)	(792)	(583)	(85)	(3,923)
Charge for the year	–	(253)	(66)	(340)	(659)
Written back upon disposals	–	179	–	–	179
As at 30 April 2019 (originally stated)	(2,463)	(866)	(649)	(425)	(4,403)
Adjustment upon application of HKFRS 16 (note 3)	–	–	86	–	86
As at 1 May 2019 (restated)	(2,463)	(866)	(563)	(425)	(4,317)
Charge for the year	–	(385)	(27)	(283)	(695)
Written off on early termination	–	–	–	708	708
As at 30 April 2020	(2,463)	(1,251)	(590)	–	(4,304)
Carrying amounts					
As at 30 April 2020	**–**	**1,263**	**64**	**–**	**1,327**
As at 30 April 2019	–	768	106	935	1,809

As at 30 April 2019, furniture and fixtures with carrying amounts of HK$29,000 was held under finance leases (note 21).

14. RIGHT-OF-USE ASSETS

	Leased property	**Furniture and fixtures**	**Total**
	HK$'000	HK$'000	HK$'000
Carrying amounts as at 1 May 2019	6,394	29	6,423
Early termination of the lease Modification	(2,623)	–	(2,623)
Depreciation charges	(3,771)	(23)	(3,794)
Carrying amounts as at 30 April 2020	**–**	**6**	**6**

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2020
	HK$'000
Total cash outflow for leases	**4,691**

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances as at 1 May 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. The depreciated carrying amount of the finance lease assets which were previously included in property, plant and equipment is also identified as a right-of-use asset. After initial recognition of right-of-use assets as at 1 May 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated.

The Group leases various offices and fixtures furniture and for its operations. Lease contracts are entered into for fixed term of 3 years to 5 years. The lease of furniture and fixtures was accounted for as finance lease liability during the year ended 30 April 2019 and carried interest at 10.06%. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In additions, lease liabilities of approximately HK$4,000 are recognised with related right-of-use assets of approximately HK$6,000 as at 30 April 2020.

The lease agreements do not impose any covenants other than the security interests in the furniture and fixtures that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

15. INTERESTS IN SUBSIDIARIES

Particulars of the principal subsidiaries as at 30 April 2020 and 2019 are as follows:

Company name	Place/country of incorporation	Issued share capital/registered capital	Equity interest attributable to the Group 2020	2019	Principal activities
Directly held					
True Sincere Group Limited	British Virgin Island ("BVI")	US$1 of 1 ordinary share	**100%**	100%	Investment holdings
Sunvot Holdings Limited (Formerly known as Wealth Connect Global Limited)	BVI	US$1 of 1 ordinary share	**100%**	100%	Investment holdings
Liangzhu Global Limited	BVI	US$1 of 1 ordinary share	**100%**	100%	Investment holdings
浙江中紓貿易有限公司#	PRC	Renminbi ("RMB") 300,000,000	**100%**	100%	Inactive
Indirectly held					
Strong Move Global Limited	BVI	US$1 of 1 ordinary share	**100%**	100%	Investment holdings
Magic City Developments Limited	BVI	US$1 of 1 ordinary share	**100%**	100%	Investment holdings
Fraser Construction Company Limited	Hong Kong	HK$18,000,000 of 180,000 ordinary shares	**100%**	100%	Undertaking slope works, foundation works and other general building works in Hong Kong
Tubo Technology Construction Company Limited	Hong Kong	HK$1,000 of 1,000 ordinary shares	**100%**	100%	Provision of consultancy services in relation to the management of projects involving slop works, foundation works and/or other general building works in Hong Kong
Sunvot Tech Co Limited (Formerly known as Wealth Connect Hong Kong Limited)	Hong Kong	HK$100 of 100 ordinary shares	**100%**	100%	Investment holdings
PAI Mobile Holdings Limited*	Hong Kong	HK$100 of 100 ordinary shares	**81%**	–	Not yet commence business
浙江富連資產管理有限公司#	PRC	RMB20,000,000	**100%**	100%	Investment holdings
Liangzhu Hong Kong Limited	Hong Kong	HK$100 of 100 ordinary shares	**100%**	100%	Dormant
杭州公浩建設有限公司#@	PRC	RMB13,040,000	**–**	92%	Dormant
浙江新聯恆基通訊技術有限公司*#	PRC	RMB18,000,000	**51%**	–	Developing 5G communication and related services

* Companies incorporated during the year.

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

@ The entity had been deregistered during the year.

None of the subsidiaries had issued any debt securities subsisting at the end of the reporting period or at any time during the reporting period.

16. TRADE AND OTHER RECEIVABLES

	2020 HK$'000	2019 HK$'000
Trade receivables from contract with customers (net of allowance for credit losses) (note (a))	**23,783**	15,360
Other receivables (note (b))	**29,558**	5,022
Prepayments and deposits (note (c))	**50,956**	57,882
Security deposit (note (d))	**5,000**	–
	109,297	78,264

(a) Trade receivables

As at 1 May 2018, trade receivables arising from contracts with customers amounted to approximately HK$13,992,000.

The Group usually provide customers with a credit term of 21–120 days (2019: 21–60 days). For the settlement of trade receivables from provision of construction services, the Group usually reaches an agreement on the term of each payment with the customer by taking into account of factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management.

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

	2020 HK$'000	2019 HK$'000
0–30 days	**12,183**	15,360
31–60 days	**10,795**	–
61–90 days	**30**	–
Over 90 days	**775**	–
	23,783	15,360

Details of impairment assessment of trade and other receivables are set out in note 28 to the consolidated financial statements.

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) *Other receivables*

(i) Included an amount of HK$2,818,000 (2019: HK$3,042,000) was due from a related company which, is unsecured, interest-free and repayable on demand.

	As at			Maximum outstanding during the year	
	30 April 2020	30 April 2019	1 May 2018	**2020**	2019
	HK$'000	HK$'000	HK$'000	**HK$'000**	HK$'000
浙江聯合中小企業控股集團有限公司*	**2,818**	3,042	–	**3,042**	3,042

* A company of which Mr. Zhou, the Chairman and the Chief Executive Officer of the Company, and Ms. Meng, the Compliance Officer of the Company, are also the ultimate shareholders.

(ii) As detailed in note(c)(i) below, an amount of RMB24,320,000 (equivalent to HK$26,684,000) was reclassified from prepayment and deposits during the year ended 30 April 2020. On 23 December 2019, the Group entered into agreements with those relevant independent parties to extend the repayment terms and those amounts due are repayable on or before 31 December 2020.

(c) *Prepayment and deposits*

(i) Prepayment and deposits mainly represent the material costs prepaid to suppliers and the first batch deposit paid for the project of underground parking garage (the "Underground Parking Garage Project"). As at 30 April 2019, an aggregate amount of RMB49,320,000 (equivalent to HK$57,604,000) was paid in relation to the Underground Parking Garage Project.

During the year ended 30 April 2020, the Group entered into termination agreements with the relevant independent parties to terminate the prepayment of purchasing materials and the deposit paid for the Underground Parking Garage Project. An aggregate amount of RMB25,000,000 (equivalent to HK$29,274,000) prepayment and deposits in respect of the Underground Parking Garage Project was refunded. The remaining balances were reclassified as other receivables.

(ii) During the year ended 30 April 2020, the Group entered into several material purchase agreements with its suppliers for the project of 5G business. As at 30 April 2020, the Group had prepayment on the purchase of material related to 5G business amounting to approximately HK$42,251,000.

(d) *Security deposit*

A customer of construction contract undertaken by the Group required the Group to place a security deposit of HK$5,000,000 for the performance of construction work. The security deposit is released when the construction work is completed or substantially completed. As at 30 April 2020, the Group had an outstanding security deposit of HK$5,000,000.

17. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets

	2020 HK$’000	2019 HK$’000
Unbilled revenue	**4,611**	10,308
Retention receivables	**8,567**	12,878
	13,178	23,186

Note:

Unbilled revenue represents the Group’s right to receive consideration for work completed and not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

Retention receivables included in contract assets represents the Group’s right to consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group.

The contract assets are transferred to trade receivables when the rights become unconditional. The amount of contract assets expected to be recovered/settled over one year is HK$8,309,000 (2019: HK$12,878,000), all of the remaining balances were expected to be recovered/settled within one year.

Contract liabilities

	2020 HK$’000	2019 HK$’000
Contract liabilities arising from construction contracts from billings in advance of performance	**–**	2,490

All of the contract liabilities is expected to be recognised as revenue within one year.

Movement in contract liabilities

	2020 HK$’000	2019 HK$’000
Balance as at 1 May	**2,490**	2,279
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the reporting period	**(2,490)**	(2,279)
Increase in contract liabilities as a result of billing in advance of construction activities	**–**	2,490
Balance as at 30 April	**–**	2,490

18. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

	2020 HK$'000	2019 HK$'000
Cash at banks and on hand and deposits placed in financial institution	**37,408**	33,682

Notes:

(a) Cash at banks and deposits placed in financial institution earns interest at floating rates based on daily bank deposit rates.

(b) Cash and cash equivalent of HK$30,000 (2019: HK$8,000) denominated in RMB are placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

(b) Reconciliation of liabilities arising from financing activities

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

	Amount due to a director HK$'000	Finance leases liabilities/ leases liabilities HK$'000	Total HK$'000
As at 1 May 2018	2,261	50	2,311
Cash flows			
Repayment of amount due to a director	(1,059)	–	(1,059)
Repayment to lease liabilities	–	(23)	(23)
Interest paid	–	(12)	(12)
Non-cash changes			
Finance costs recognised	–	12	12
As at 30 April 2019	1,202	27	1,229
Adjustment upon adoption of HKFRS16	–	6,394	6,394
At 1 May 2019 (restated)	1,202	6,421	7,623
Cash flows			
Repayment to a director	(784)	–	(784)
Repayment to lease liabilities	–	(3,728)	(3,728)
Interest paid	–	(254)	(254)
Non-cash changes			
Termination of lease	–	(2,689)	(2,689)
Finance costs recognised	–	254	254
As at 30 April 2020	418	4	422

19. TRADE AND OTHER PAYABLES

	2020 HK$'000	2019 HK$'000
Trade payables (note (a))	**23,507**	11,644
Retention payables (note (b))	**8,772**	12,960
Accruals and other payables (note (c))	**50,973**	46,186
	83,252	70,790

Notes:

(a) Payment terms granted by suppliers are 42–60 days (2019: 42–60 days) from the invoice date of the relevant purchases.

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

	2020 HK$'000	2019 HK$'000
0–30 days	**23,261**	11,602
31–60 days	**204**	–
61–90 days	**–**	–
Over 90 days	**42**	42
	23,507	11,644

(b) Retention payables are interest-free and settled in accordance with the terms of the respective contracts.

(c) Accruals and other payables included the amount due to a director of a subsidiary of HK$40,700,000 (2019: HK$40,000,000). The balance was non-trade nature, unsecured, interest-free and repayable on demand.

20. AMOUNT DUE TO A DIRECTOR

The amount due to a director was non-trade nature, unsecured, interest-free and repayable on demand.

21. LEASES LIABILITIES/FINANCE LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting periods and at the date of transition to HKFRS 16:

	30 April 2020		1 May 2019 (Note)		30 April 2019 (Note)	
	Present value of the minimum lease payments HK$'000	**Total minimum lease payments HK$'000**	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	**4**	**6**	4,461	4,738	23	34
After 1 year but within 2 years	**–**	**–**	1,960	1,992	4	7
	4	**6**	6,421	6,730	27	41
Less: total future interest expenses		**(2)**		(309)		(14)
Present value of lease liabilities		**4**		6,421		27

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances as at 1 May 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. These liabilities have been aggregated with the brought forward balances relating to leases previously classified as finance leases. Comparative information as at 30 April 2019 has not been restated and relates solely to leases previously classified as finance leases. Further details on the impact of the transition to HKFRS 16 are set out in note 3.

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

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

22. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represent

	2020 HK$'000	2019 HK$'000
At the beginning of the year	**620**	770
Tax provision for the year	**–**	(630)
Tax refunded during the year	**(1,075)**	–
Tax paid during the year	**76**	480
Over-provision in respect of prior years	**170**	–
At the end of the year	**(209)**	620
Represented by:		
Tax recoverable	**343**	620
Tax payable	**(552)**	–
	(209)	620

(b) Deferred taxation

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$7,639,000 (2019: Nil) available for offsetting against future profits of the companies in which the losses arose. The estimated unused tax losses may be carried forward indefinitely. No deferred tax asset has been recognised in respect of these estimated unused tax losses due to unpredictability of future profit streams.

23. SHARE CAPITAL

(a) Share capital

	No. of shares '000	2020 HK$'000	No. of shares '000	2019 HK$'000
Authorised:				
Ordinary shares at HK$0.01 each	**2,000,000**	**20,000**	2,000,000	20,000
Issued and fully paid:				
Ordinary shares at HK$0.01 each				
At the beginning of the reporting period	**1,440,000**	**14,400**	1,440,000	14,400
Placing of new shares (note)	**137,200**	**1,372**	–	–
At the end of the reporting period	**1,577,200**	**15,772**	1,440,000	14,400

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

23. SHARE CAPITAL (CONTINUED)

(a) Share capital (Continued)

Note:

On 8 May 2019, the Company completed to issue and allot 137,200,000 placing shares to not less than six independent placees at the placing price of HK$0.365 per placing share. The net proceeds from the placing after deducting relevant expenses of approximately HK$49,046,000, will be utilised for general working capital of the Group, financing the expansion of the 5G business and existing construction business and future business opportunity.

(b) Capital management

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

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

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

	2020	2019
	HK$'000	HK$'000
Total debts:		
Leases liabilities/finance lease liabilities	**4**	27
Amount due to a director	**418**	1,202
	422	1,229
Equity attributable to owners of the Company	**79,336**	63,052
Gearing ratio	**0.5%**	1.9%

24. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 HK$'000	2019 HK$'000
ASSETS AND LIABILITIES		
Non-current asset		
Investments in subsidiaries	**3,981**	–
Current assets		
Deposits, prepayment and other receivables	**13,598**	102
Amounts due from subsidiaries	**44,897**	77,774
Amount due from a director	**110**	–
Cash and bank balances	**1,827**	12
	60,432	77,888
Current liabilities		
Other payables	**2,208**	3,801
Amounts due to subsidiaries	**20,454**	22,203
Amount due to a director	**–**	1,085
	22,662	27,089
Net current assets	**37,770**	50,799
Net assets	**41,751**	50,799
CAPITAL AND RESERVES		
Share capital	**15,772**	14,400
Reserves	**25,979**	36,399
Total equity	**41,751**	50,799

Signed on behalf of the board of directors on by:

Mr. Zhou Ying
Director

Ms. Meng Ying
Director

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

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

	Share premium HK$'000	Share-based payment reserve HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000
Balance as at 1 May 2018	24,457	–	17,332	41,789
Loss and total comprehensive expense for the year	–	–	(5,390)	(5,390)
Balance as at 30 April 2019 and 1 May 2019	24,457	–	11,942	36,399
Placing of new shares	48,706	–	–	48,706
Share issuing expense	(1,032)	–	–	(1,032)
Equity-settled share-based payment	–	7,962	–	7,962
Loss and total comprehensive expense for the year	–	–	(66,056)	(66,056)
Balance as at 30 April 2020	72,131	7,962	(54,114)	25,979

25. OPERATING LEASE COMMITMENTS

As lessee

As at 30 April 2019, the Group had future aggregate minimum lease payment under non-cancellable operating leases in respect of premises are as follows:

	2019 HK$'000
Within one year	4,972
In the second to fifth years	1,960
	6,932

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

26. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the consolidated financial statements, the Group has entered into the following related party transactions:

(a) Key management personnel remuneration

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

	2020 HK$'000	2019 HK$'000
Salaries, fee and allowances	**3,091**	3,667
Discretionary bonuses	**223**	219
Equity-settled share-based payment expenses	**7,962**	–
Retirement benefit scheme contributions	**100**	100
	11,376	3,986

(b) Transactions with related parties

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

Name of related party	**Nature**	**2020 HK$'000**	2019 HK$'000
Mars Glare Limited	Rent paid thereto (note (i) and (ii))	**396**	272
浙江聯合中小企業控股集團有限公司	Rent paid thereto (note (iii))	**–**	2,064

Rental expense paid to related parties are constituted as continuing connected transaction under GEM Listing Rules, but are exempted from the announcement, reporting and independent shareholders' approval requirement.

Notes:

(i) An office with car parking space was leased from Mars Glare Limited during the year ended 30 April 2020 and 2019 on terms mutually agreed between both parties.

(ii) A company of which Mr. Yu Shek Man Ringo, a director of a subsidiary of the Company, is a shareholder.

(iii) An office was leased from 浙江聯合中小企業控股集團有限公司 during the year ended 30 April 2019 on terms mutually agreed between both parties.

(c) Details of the balances with related parties at the end of the reporting period are set out in notes 16 and 20.

浙江聯合中小企業控股集團有限公司 is owned by the executive directors of the Company and hence, a connected person of the Company. Amount due from 浙江聯合中小企業控股集團有限公司 is de minimis and exempted connected transactions, such transactions contemplated thereunder are exempted from announcement, reporting and the independent shareholders' approval requirement under GEM Listing Rules.

(d) During the year ended 30 April 2020, 浙江聯合中小企業控股集團有限公司 provided office to the Group without any charge which is in favor to the Group.

27. CONTINGENT LIABILITIES

As at 30 April 2019, the Group has been involved in a number of claims, litigations and potential claims against the Group regarding the employees' compensation and common law personal injury. The management is of the opinion that the claims and litigations are not expected to have a material impact on the consolidated financial statements, and the outcome for potential claims is uncertain. Accordingly, no provision has been made to the consolidated financial statements.

As at 30 April 2020, the Group has no material contingent liabilities.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

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

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

28.1 Categories of financial assets and liabilities

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

	2020 **HK$'000**	2019 HK$'000
Financial assets		
At amortised cost:		
– Trade and other receivables	**59,404**	77,638
– Cash and cash equivalent	**37,408**	33,682
	96,812	111,320
Financial liabilities		
At amortised cost:		
– Trade and other payables	**83,252**	70,790
– Amount due to a director	**418**	1,202
– Lease liabilities/finance lease liabilities	**4**	27
	83,674	72,019

28.2 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. Leases liabilities/finance lease liabilities bearing fixed rates expose the Group to fair value interest rate risk and the exposure to the Group is considered immaterial.

The exposure to interest rate risk for the Group bank balances and deposits placed in financial institution is considered immaterial.

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

28.3 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's maximum exposure to credit risk is limited to the carrying amounts of the financial assets at the end of each reporting period as detailed in note 28.1 and contract assets at the end of the reporting period.

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

As at 30 April 2020, the Group has concentration of credit risk as 73% (2019: 79%), and 98% (2019: 94%) of the total trade receivables were due from the Group's largest customer and five largest customers respectively. The aggregate amounts of trade receivables from these customers amounted to HK$17,350,000 (2019: HK$12,109,000), and HK$23,312,000 (2019: HK$14,399,000) of the Group's total trade receivables at 30 April 2020.

Other receivables and deposits

For other receivables, the directors of the Company make periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. For the year ended 30 April 2020, the Group assessed the ECL for other receivables and loss allowance of HK$409,000 (2019: Nil) was recognised.

Bank balances and deposits placed in financial institution

The Group bank balances and deposits placed in financial institution with approved and reputable banks and financial institution. Bankruptcy or insolvency of the banks and financial institution may cause the Group's right with respect to bank balances and deposits placed in financial institution held to be delayed or limited. The directors of the Company monitor the credit rating of these banks and financial institution on an ongoing basis, and consider that the Group's exposure to credit risk as at 30 April 2020 and 30 April 2019 were minimal.

Trade receivables and contract assets

Expected loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

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

28.3 Credit risk (Continued)

Trade receivables and contract assets (Continued)

Movement in the allowance for credit loss in respect of trade receivables and contract assets during the year is as follows:

	2020		
Trade receivables	**Average loss rate %**	**Gross carrying amount HK$'000**	**Expected credit losses HK$'000**
Current (not past due)	–	22,739	–
1-30 days past due	–	30	–
31-60 days past due	4.98%	903	45
61-90 days past due	–	–	–
More than 90 days past due	30.80%	224	68
		23,896	113

Contract assets	**HK$'000**
2020	
Expected credit loss rate (%)	1.01%
Gross carrying amounts	13,312
Expected credit losses	134
Net carrying amounts	13,178
Other receivables	
2020	
Expected credit loss rate (%)	1.36%
Gross carrying amounts	29,967
Expected credit losses	409
Net carrying amounts	29,558

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

28.3 Credit risk (Continued)

Movement of allowance for expected credit loss for trade receivables, contract assets and other receivable and as follows:

	Trade receivables HK$'000	**Contract assets** HK$'000	**Other receivables** HK$'000
As at 1 May 2018, 30 April 2019 and 1 May 2019	–	–	–
Allowance for expected credit loss recognised	113	134	409
As at 30 April 2020	113	134	409

28.4 Liquidity risk

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

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

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

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

28.4 Liquidity risk (Continued)

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

	On demand or within one year HK$'000	**Over 1 year but within 5 years** HK$'000	**Total undiscounted cash flows** HK$'000	**Carrying amount** HK$'000
As at 30 April 2020				
Trade and other payables	**83,252**	**–**	**83,252**	**83,252**
Amount due to a director	**418**	**–**	**418**	**418**
Leases liabilities	**6**	**–**	**6**	**4**
	83,676	**–**	**83,676**	**83,674**
As at 30 April 2019				
Trade and other payables	70,790	–	70,790	70,790
Amount due to a director	1,202	–	1,202	1,202
Finance leases liabilities	34	7	41	27
	72,026	7	72,033	72,019

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

28.5 Fair value measurement

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost are not materially different from their fair values for both years.

29. SHARE OPTION SCHEME

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

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

The total number of shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue.

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

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

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

29. SHARE OPTION SCHEME (CONTINUED)

(a) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Exercise period
Options granted to employees:			
– on 23 September 2019	60,000,000	No vesting period or vesting condition	5 years
Total share options granted	60,000,000		

As at 30 April 2020, the number of shares in respect of which may be issued upon exercise of share options granted and remain outstanding under the Scheme was 60,000,000, representing 3.8% of the shares of the Company in issue at that date.

As at 30 April 2019, there was no outstanding share options under any Scheme.

(b) The number and weighted average exercise prices of share options are as follows:

	2020	
	Weighted average exercise price HK$	**Number of options '000**
Outstanding at the beginning of the reporting period	–	–
Granted during the period	**0.35**	**60,000**
Outstanding at the end of the reporting period	**0.35**	**60,000**
Exercisable at the end of the reporting period	**0.35**	**60,000**

The weighted average share price at the date of grant of shares options during the year was HK$0.35.

The options outstanding as at 30 April 2020 had an exercise price of HK$0.35 and a weighted average remaining contractual life of 4.4 years.

29. EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(c) Fair value of share options and assumptions

During the year ended 30 April 2020, options were granted on 23 September 2019. The estimated fair value of the options granted are approximately HK$7,962,000.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value of share options and assumptions	2020
Fair value at measurement date	HK$0.13
Share price	HK$0.29
Exercise price	HK$0.35
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	86.67%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	5 years
Expected dividends	0%
Risk-free interest rate (based on Exchange Fund Notes)	1.30%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

The binomial lattice model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

Share options were granted with no vesting condition.

30. COMPARATIVE FIGURES

The Group has initially adopted HKFRS 16 as at 1 May 2019. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

In addition, certain comparative figures have been reclassified to be consistent with the current period presentation.

31. MAJOR NON-CASH TRANSACTIONS

The Group entered into the followings major non-cash investing and financing activity which are not reflected in the consolidated statement of cash flows:

During the year ended 30 April 2020, the Group early terminated of the leased office with the gain on early termination of lease with the amount of approximately HK$93,000.

32. EVENTS AFTER THE REPORTING PERIOD

Since January 2020, the outbreak of Novel Coronavirus ("COVID-19") has impact on the global business environment. Pending the development and spread of COVID-19 subsequent to the date of this report, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of this report. The Group will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

33. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 July 2020.

Financial Summary

For the year ended 30 April 2020

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

	2020 **HK$'000**	2019 HK$'000	2018 HK$'000	2017 HK$'000	2016 HK$'000
Revenue	**144,816**	158,401	137,802	148,571	180,602
Cost of sales	**(143,467)**	(153,018)	(135,980)	(139,278)	(162,549)
Gross profit	**1,349**	5,383	1,822	9,293	18,053
Other income and other net (loss)/gain	**(1,424)**	3,189	1,012	3,074	331
Administrative expenses	**(41,460)**	(21,456)	(13,480)	(6,538)	(8,824)
Operating (loss)/profit	**(41,535)**	(12,884)	(10,646)	5,829	9,560
Finance costs	**(254)**	(12)	(12)	(12)	(87)
(Loss)/Profit before income tax	**(41,789)**	(12,896)	(10,658)	5,817	9,473
Income tax credit/(expense)	**170**	(630)	(140)	(1,250)	(2,283)
(Loss)/Profit for the year	**(41,619)**	(13,526)	(10,798)	4,567	7,190
Other comprehensive expense	**(1,108)**	(1,027)	–	–	–
Total comprehensive (expense)/ income for the year	**(42,727)**	(14,553)	(10,798)	4,567	7,190
(Loss)/Profit attributable to owners of the Company	**(39,581)**	(13,526)	(10,798)	4,567	7,190
Total comprehensive (expense)/ income attributable to owners of the Company	**(40,724)**	(14,553)	(10,798)	4,567	7,190
Assets and liabilities					
Total assets	**161,559**	137,561	119,542	108,716	114,432
Total liabilities	**(84,226)**	(74,509)	(46,644)	(25,020)	(35,303)
Net assets	**77,333**	63,052	72,898	83,696	79,129
Equity attributable to owners of the Company	**79,336**	63,052	72,898	83,696	79,129