



联合控股  
HK.08366

# Zhejiang United Investment Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8366

## 2021 FIRST QUARTERLY REPORT



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

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

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

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

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## FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK\$25.1 million for the three months ended 31 July 2021 (the “Reporting Period”) (2020: approximately HK\$20.6 million), representing increase of approximately 21.8% as compared with the corresponding period of last year.
- Loss attributable to owners of the Company for the three months ended 31 July 2021 amounted to approximately HK\$2.6 million (2020: approximately HK\$69.1 million).
- Basic loss per share amounted to approximately HK0.16 cents for the three months ended 31 July 2021 (2020: approximately HK4.38 cents).
- The Board does not recommend the payment of dividend for the three months ended 31 July 2021 (2020: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

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

Hong Kong construction companies are facing tougher competitive condition, as well as the slower progress of scrutinising the funding proposals for public works projects by the Finance Committee and the Public Works Subcommittee due to political and social chaos in Hong Kong. The Group has also been facing challenging operating environment resulting from increasing costs of operation including, in particular, higher subcontracting rate. As such, the Directors consider that competition in the market remain intense.

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. 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.

Looking forward, the Group anticipates that the Hong Kong construction market will remain challenging with rising trend in subcontracting costs and intensive competition, which is expected to continue to place repeated pressure on our profit margin.

## FINANCIAL REVIEW

### Revenue

The Group's overall revenue increased by approximately HK\$4.5 million or approximately 21.8% from approximately HK\$20.6 million for the three months ended 31 July 2020 to approximately HK\$25.1 million for the three months ended 31 July 2021. The increase in revenue was mainly due to the increase in revenue derived from undertaking slope works and foundation works, as further discussed below.

The Board regards the Group's business of construction as a single operating segment and reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented. No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong. The Group's principal operating activities during the three months ended 31 July 2021 are as follows:

**Slope works:** Undertaking landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls. Revenue from undertaking slope works increased from approximately HK\$20.3 million for the three months ended 31 July 2020 to approximately HK\$25.0 million for the three months ended 31 July 2021, representing increase of approximately 23.2%. The increase was primarily attributable to the increase in slope works 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\$0.4 million for the three months ended 31 July 2020 to approximately HK\$0.08 million for the three months ended 31 July 2021, representing decrease of approximately 80.0%. Such decrease was mainly due to the down size of foundation works projects.

### Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK\$0.9 million or approximately 90.0% from approximately HK\$1.0 million for the three months ended 31 July 2020 to approximately HK\$0.1 million for the three months ended 31 July 2021 and the Group's gross profit margin decrease by approximately 88.33% and from approximately 4.8% for the three months ended 31 July 2020 to approximately 0.6% for the three months ended 31 July 2021. The decrease in gross profit margin was mainly due to increase in subcontracting charges.

The Group's direct costs increased by approximately HK\$5.2 million or approximately 26.4% from approximately HK\$19.7 million for the three months ended 31 July 2020 to approximately HK\$24.9 million for the three months ended 31 July 2021. Such increase was mainly attributable to the increase in our subcontracting charges.

### Other Income

The decrease in other income was mainly due to decrease of the first tranche of Employment Support Scheme and decrease in net foreign exchange gain.

### Administrative Expenses

The Group's administrative expenses decrease by approximately HK\$0.70 million or approximately 20.0% from approximately HK\$3.5 million for the three months ended 31 July 2020 to approximately HK\$2.8 million for the three months ended 31 July 2021. The decrease in the Group's administrative expenses was primarily due to the decrease in expenses relating to short-term lease.

### Other loss

For the three months ended 31 July 2020, the Group has incurred a loss of approximately HK\$67.5 million due to the Deconsolidated Subsidiaries. More information is set out in note 2 and note 9.

### Net Loss

As a result of the foregoing combined effects of the above, the loss attributable to owners of the Company for the three months ended 31 July 2021 was approximately HK\$2.6 million as compared to approximately HK\$69.1 million for the three months ended 31 July 2020.

## DISCLOSURE OF INTERESTS

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

As at 31 July 2021, the interests and short positions of the Directors or chief executive of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Company's shares held by former director

Name of former director	Capacity/Nature	Number of shares held/ interested	Approximate percentage of shareholding
Mr. Zhou Ying	Interest of a controlled corporation	950,000,000	60.23%

Note:

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



## (ii) The shares of associated corporations held by former director

Name of former 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.

## (iii) Long position in the Company's Shares

None of the current Directors has any shares held/interested in the Company during the three months period 31 July 2021.

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

As at 31 July 2021, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO:

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

## OTHER INFORMATION

### COMPETING INTERESTS

None of the Directors and substantial shareholders, neither themselves nor their respective associates (as defined in the GEM Listing Rules) had held any position or had interest in any businesses or companies that were or might be materially competing with the business of the Group, or gave rise to any concern regarding conflict of interests during the three months ended 31 July 2021.

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

During the three months ended 31 July 2021 and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

### CORPORATE GOVERNANCE CODE

During the three months ended 31 July 2021 and up to the date of this report, the Company has not 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.

- (i) Code provision A.1.8 – The Company did not arrange appropriate insurance cover in respect of legal action against its directors. The insurance was bought and covered for the period of one year with effective from 11 August 2021.
- (ii) Code provision A. 2.1 – The roles of chairman and chief executive should be separate and should not be performed by the same individual Mr. Zhou has been managing the Company's business and the overall financial and strategic planning since July 2017. Since the Company has appointed Mr. Zhou as chairman and chief executive officer, the roles of the chairman and chief executive officer were not separated and performed by two different individuals. Mr. Zhou was removed by the EGM on 30 September 2021.

During the reporting period, there was only one independent non-executive director. The Company was non-compliance of the CG Code from 1 May 2021 to 21 October 2021 as below.

- (i) The number of independent non-executive Directors falls below the minimum number required under Rules 5.05 of the GEM Listing Rules;
- (ii) The number of Audit Committee members falls below the minimum number required under Rules 5.28 of the GEM Listing Rules;
- (iii) The Nomination Committee did not comprise a majority of independent non-executive Directors as required under Code Provision A.5.1 of the CG Code as set out on Appendix 15 to the GEM Listing Rules.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of provisions of conduct regarding securities transactions by the Directors the ("Code of Conduct") on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the three months ended 31 July 2021 and up to the date of this report.

## DIVIDENDS

The Board did not recommend any payment of dividend for the three months ended 31 July 2021 (2020: Nil).

## SHARE OPTION SCHEME

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

As at 31 July 2021, there was 30,000,000 options outstanding in relation to the grant of share options on 23 September 2019 under the Scheme.

Details of the share options granted under the Scheme to the Eligible Participants of the Company to subscribe for the shares in the Company are as follows:

	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options				Outstanding as at 31.7.2021	Approximate percentage of the issued share capital of the Company %
				Outstanding as at 01.05.2021	Granted during the review period	Exercised during the review period	Cancelled/ Lapsed during the review period		
Employees	23.9.2019	23.9.2019 to 22.9.2024	0.350	60,000,000	—	—	30,000,000	30,000,000	1.9
				<u>60,000,000</u>	<u>—</u>	<u>—</u>	<u>30,000,000</u>	<u>30,000,000</u>	<u>1.9</u>

Notes:

- (1) The closing price of the Company's shares immediately before the date on which the share options were granted was HK\$0.29.
- (2) The total number of the Company's share available for issue under the Scheme was 1,440,000 which represented approximately 9.13% of the issued share capital of the Company as at the date of this report.
- (3) There is no minimum period for which the share options must be held before the share options can be exercised unless otherwise determined by the Board.
- (4) As at 31 July 2021, the number of issued shares of the Company, which is 1,577,200,000 shares, has been used for the calculation of approximate percentage shareholding in the Company.

## AUDIT COMMITTEE

The Company established the Audit Committee on 14 October 2015 with written terms of reference and amended with effect from 1 January 2019 in compliance with the GEM Listing Rules which are available on the websites of the Stock Exchange and the Company. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Fu Yan Ming, Mr. Hui Man Ho Ivan and Mr. Leung Tsun Ip. The chairman of the Audit Committee is Mr. Fu Yan Ming, who has appropriate professional qualifications and experience in accounting matters.

The Audit Committee had reviewed the unaudited condensed consolidated results of the Group for the three months ended 31 July 2021 with the management and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board  
**Zhejiang United Investment Holdings Group Limited**  
**Lai Pik Chi Peggy**  
*Executive Director*

Hong Kong, 30 November 2021

The board (the "Board") of Directors of the Company is pleased to present the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the three months ended 31 July 2021 together with the comparative figures for the corresponding period in 2020.

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

FOR THE THREE MONTHS ENDED 31 JULY 2021

	Notes	For the three months ended 31 July	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)
Revenue	3	25,076	20,647
Direct costs		(24,936)	(19,657)
Gross profit		140	990
Other income	3	80	849
Administrative expenses		(2,788)	(3,464)
Other loss	9	—	(67,463)
Finance costs	4	—	(1)
Loss before income tax	6	(2,568)	(69,089)
Income tax expense	5	—	(14)
Loss for the period		(2,568)	(69,103)
Other comprehensive income for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
— Exchange differences on translation of financial statements of PRC subsidiary		—	—
Total comprehensive expense for the period		(2,568)	(69,103)

	Notes	For the three months ended 31 July	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)
Loss for the period attributable to:			
— owners of the Company		(2,568)	(69,103)
— non-controlling interests		—	—
		<u>(2,568)</u>	<u>(69,103)</u>
Total comprehensive for the period expenses attributable to:			
— owners of the Company		(2,568)	(69,103)
— non-controlling interests		—	—
		<u>(2,568)</u>	<u>(69,103)</u>
		<b>HK cents</b>	(Restated) HK cents
Loss per share for loss attributable to owners of the company			
— Basic and diluted	8	<u>(0.16)</u>	<u>(4.38)</u>



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

FOR THE THREE MONTHS ENDED 31 JULY 2021

	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)	(Accumulated losses)/retained earnings HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
As at 1 May 2021	15,772	72,131	7,962	18,001	—	(125,720)	(11,854)	—	(11,854)
Release of share-based payment reserve	—	—	(3,981)	—	—	3,981	—	—	—
Loss for the period	—	—	—	—	—	(2,568)	(2,568)	—	(2,568)
Other comprehensive income for the period	—	—	—	—	—	—	—	—	—
— Exchange differences on translation of financial statements of PRC subsidiary	—	—	—	—	—	—	—	—	—
Total comprehensive (expenses)/income for the period	—	—	(3,981)	—	—	1,413	(2,568)	—	(2,568)
<b>As at 31 July 2021 (unaudited)</b>	<b>15,772</b>	<b>72,131</b>	<b>3,981</b>	<b>18,001</b>	<b>—</b>	<b>(124,307)</b>	<b>(14,422)</b>	<b>—</b>	<b>(14,422)</b>
As at 1 May 2020	15,772	72,131	7,962	18,001	(2,170)	(32,360)	79,336	(2,003)	77,333
Loss for the period	—	—	—	—	—	(69,103)	(69,103)	—	(69,103)
Other comprehensive income for the period	—	—	—	—	—	—	—	—	—
— Exchange differences on translation of financial statements of PRC subsidiary	—	—	—	—	—	—	—	—	—
Total comprehensive expenses for the period	—	—	—	—	—	(69,103)	(69,103)	—	(69,103)
— Release of reserves upon deconsolidation of subsidiaries	—	—	—	—	2,170	—	2,170	2,003	4,173
As at 31 July 2020 (unaudited) (Restated)	15,772	72,131	7,962	18,001	—	(101,463)	12,403	—	12,403

### Notes:

- 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.
- 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.
- 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

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

The addresses of the registered office and the principal place of business of the Company are Unit 511, 5/F Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui East, 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.

### 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 July 2021 have been prepared in accordance with the applicable of Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. Except for the adoption of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are effective for the Group’s financial period beginning 1 May 2021, the accounting policies adopted by the Group are consistent with financial statements for the year ended 30 April 2021.

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

## 2. BASIS OF PREPARATION (CONTINUED)

In the Company's annual report for the year ended 30 April 2021, it was disclosed that the Directors have been unable to contact Mr. Zhou Ying ("Mr. Zhou"), who was the former chairman of the board of the Company, the former chief executive officer and the former executive director of the Company, and Ms. Meng Ying ("Ms. Meng"), who was the former compliance officer and the former executive director of the Company, since 22 July 2021. The Company tried to contact Mr. Zhou and Ms. Meng including residence visits, by email, by telephones and by other telecommunication means but has not been successful. Mr. Zhou is also the legal representative of Zhejiang Zhong Chun Wenhua Keji Limited\* (浙江中淳文化科技有限公司) (Formerly known as 浙江中紓貿易有限公司), Zhejiang Fu Lian Zichan Guanli Limited\* (浙江富連資產管理有限公司) and Zhejiang Xin Lian Hengji Tongxun Jishu Limited\* (浙江新聯恒基通訊技術有限公司) (collectively referred as the "Deconsolidated Subsidiaries"). Therefore, the Deconsolidated Subsidiaries were deconsolidated on 1 May 2020 for the year ended 30 April 2021. More information is set out in the Company's annual report for the year ended 30 April 2021.

As a result of above, the comparative figures were restated due to the Deconsolidated Subsidiaries for the three months ended 31 July 2020.

\* For identification purpose only

### 3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

The Group is principally engaged in undertaking slope works and foundation works in Hong Kong.

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

	Three months ended 31 July	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Contracting revenue	<u>25,076</u>	<u>20,647</u>
Revenue from contracts with customers recognised at over time	<u>25,076</u>	<u>20,647</u>

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

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

An analysis of the Group's revenue and contribution to profit from operating activities from undertaking slope works, foundation works and other general building works in Hong Kong in the ordinary course of business during the three months ended 31 July 2021 and 2020 are as follows:

	Three months ended 31 July	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Slope works	25,000	20,273
Foundation works	76	374
	<u>25,076</u>	<u>20,647</u>

An analysis of other income is as follows:

	Three months ended 31 July	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Net foreign exchange gain	—	528
Government grant (note)	—	321
Sundry income	80	—
	<u>80</u>	<u>849</u>

Note: The government grant is related to the first tranche of Employment Support Scheme.

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

#### Information about major customers

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

	Three months ended 31 July	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	N/A <sup>1</sup>	3,387
Customer B	19,843	15,652
Customer C	2,973	N/A <sup>1</sup>

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

### 4. FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended 31 July	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on lease liability	—	1

## 5. INCOME TAX EXPENSE

	Three months ended 31 July	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong:		
– charge for the period	—	14

Hong Kong Profits Tax has been provided at the rate of 16.5% (2020: 16.5%) on the Company's estimated assessable profits for the period.

No provision for Hong Kong Profits Tax has been made for the period ended 31 July 2021, since there were no assessable profits in Hong Kong.

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

## 6. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	Three months ended 31 July	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)
Loss before income tax for the period has been arrived at after charging:		
Staff costs (including directors' emoluments)		
– salaries, allowances and benefits in kind	1,800	1,513
– retirement benefits scheme contributions	50	42
Total staff costs	1,850	1,555
Depreciation of right-of-use assets	—	6
Depreciation of property, plant and equipment	143	145
	143	151
Expenses relating to short-term lease	264	575
Subcontracting charges (included in direct costs)	24,936	19,657



## 7. DIVIDEND

The Directors do not recommend a payment of dividend for the three months ended 31 July 2021 (2020: Nil).

## 8. LOSS PER SHARE

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

	Three months ended 31 July	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
<b>Loss</b>		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(2,568)</u>	<u>(69,103)</u>
	Three months ended 31 July	
	2021	2020
	'000	'000
	(Unaudited)	(Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,577,200</u>	<u>1,577,200</u>

There were no dilutive potential ordinary shares for the three months ended 31 July 2021 and therefore, diluted loss per share is the same as the basic loss per share.

## 9. OTHER LOSS

The Group deconsolidated the Deconsolidated Subsidiaries from its consolidated financial statements with effective on 1 May 2020 for the three months ended 31 July 2020.

- (a) The following is a list of the subsidiaries which have been deconsolidated from 1 May 2020:

Company name	Place/country of incorporation	Issue share capital/registered	Effective Interest held by the Group	Principal activities
Zhejiang Zhong Chun Wenhua Keji Limited* 浙江中淳文化科技有限公司#	PRC	RMB300,000,000	100%	Inactive
Zhejiang Fu Lian Zichan Guanli Limited* 浙江富連資產管理有限公司#	PRC	RMB20,000,000	100%	Investment holdings
Zhejiang Xin Lian Hengji Tongxun Jishu Limited* 浙江新聯恒基通訊技術有限公司	PRC	RMB18,000,000	51%	Developing 5G communication and related services

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

\* For identification purpose only

## 9. OTHER LOSS (CONTINUED)

- (b) The net assets of the Deconsolidated Subsidiaries as of 1 May 2020, which is based on audited financial information as of 30 April 2020 and the amounts due from Deconsolidated Subsidiaries were set out below:

	Total HK\$'000
<b>Net assets deconsolidated of:</b>	
Property, plant and equipment	11
Other receivables	29,149
Prepayments and deposits	40,517
Cash and bank balances	433
Other payables	(6,625)
Amount due to immediate holding company	(43,888)
Amount due to a former director	(195)
Release of non-controlling interest upon deconsolidation	2,003
Release of exchange reserve upon deconsolidation	2,170
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<b>Loss on deconsolidation of subsidiaries</b>	<b>23,575</b>
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- (c) Impairment on amounts due from deconsolidated subsidiary

As at 1 May 2020, the Group had following amounts due from a deconsolidated subsidiary

	Total HK\$'000
Amount due from Zhejiang Fu Lian	43,888
– Impairment loss of amount due from a deconsolidated subsidiary	(43,888)
	<hr/>
<b>Total</b>	<b>—</b>
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