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联合控股

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ZHEJIANG UNITED INVESTMENT HOLDINGS GROUP LIMITED
浙江聯合投資控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8366)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2018

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 announcement, 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 announcement 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 announcement misleading.*

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK$137.8 million for the year ended 30 April 2018 (2017: approximately HK$148.6 million), representing a decrease of approximately 7.3% as compared with last year.
- Loss attributable to the equity holders of the Company for year ended 30 April 2018 amounted to approximately HK$10.8 million (2017: profit amounted to approximately HK$4.6 million).
- Basic loss per share amounted to approximately HK0.75 cents for the year ended 30 April 2018 (2017: Basic earnings per share approximately HK0.32 cents).
- The Board does not recommend the payment of final dividend for the year ended 30 April 2018 (2017: Nil).

ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2018

The board (the "**Board**") of Directors of the Company is pleased to present the audited consolidated financial results of the Group for the year ended 30 April 2018 together with the audited comparative figures for the prior year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2018

		2018	2017
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**137,802**	148,571
Direct costs		**(135,980)**	(139,278)
Gross profit		**1,822**	9,293
Other income	*5*	**1,012**	3,074
Administrative expenses		**(13,480)**	(6,538)
Finance costs	*6*	**(12)**	(12)
(Loss)/Profit before income tax	*7*	**(10,658)**	5,817
Income tax expense	*8*	**(140)**	(1,250)
(Loss)/Profit and total comprehensive (expense)/income for the year		**(10,798)**	4,567
		HK cents	*HK cents*
(Loss)/Earnings per share for (loss)/profit attributable to equity holders of the Company			
Basic and diluted	*10*	**(0.75)**	0.32

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**1,506**	362
Current assets			
Trade and other receivables	*11*	**71,856**	31,037
Amounts due from customers on construction contracts	*12*	**6,295**	7,979
Tax recoverable		**770**	2,313
Bank deposit with original maturity more than three months		**20,000**	–
Cash and bank balances		**19,115**	67,025
		118,036	108,354
Current liabilities			
Trade and other payables	*13*	**42,920**	17,021
Amounts due to customers on construction contracts	*12*	**1,413**	7,291
Amount due to a director		**2,261**	–
Obligation under finance leases		**23**	23
Tax payable		**–**	635
		46,617	24,970
Net current assets		**71,419**	83,384
Total assets less current liabilities		**72,925**	83,746
Non-current liabilities			
Obligation under finance leases		**27**	50
Net assets		**72,898**	83,696
Capital and reserves			
Share capital		**14,400**	14,400
Reserves		**58,498**	69,296
Total equity attributable to equity holders of the Company		**72,898**	83,696

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018

1. CORPORATE INFORMATION

Zhejiang United Investment Holdings Group Limited was incorporated in the Cayman Islands on 20 May 2015 as an exempted company with limited liability. 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 75% 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 controlling shareholder of the Company has been changed on 5 May 2017 after United Financial Holdings executed the sale and purchase agreement acquiring 1,080,000,000 ordinary shares of the Company (the "**Share(s)**"). Upon the close of the unconditional mandatory cash offer per announcement on 22 June 2017, United Financial Holdings held 1,081,010,000 Shares, constituting an aggregate of approximately 75% of the Company's total issued capital. For further details, please refer to the announcements of the Company dated 17 July 2017 and 22 June 2017 respectively, and the composite document of the Company dated 1 June 2017.

The addresses of the registered office and the principal place of business of the Company are Unit 1901, 19/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong. The Company is an investment holding company and its subsidiaries (collectively, the "**Group**") are principally engaged in undertaking slope works, foundation works and other general building works in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company and its subsidiaries. The Company's shares are listed on the GEM of the Stock Exchange on 2 November 2015 (the "**Listing**").

2. BASIC OF PRESENTATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by 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 GEM Listing Rules.

3. ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning or after 1 May 2017

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 May 2017:

Amendments to HKAS 7	Statement of Cash Flows: Disclosure Initiative
Amendments to HKAS 12	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014–2016 Cycle	Disclosure of Interests in Other Entities

Other than as noted below, the adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Amendments to HKAS 7 "Statement of Cash Flows: Disclosure Initiative"

The amendments require an entity to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. A reconciliation between the opening and closing balances of liabilities arising from financing activities is set out in consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in consolidated financial statements, the application of these amendments has had no impact on the Group's consolidated financial statements.

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, the Group has not early adopted the following new and amended HKFRSs which are relevant to the Group's operations that have been issued but are not yet effective.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[3]
HKFRS 17	Insurance Contracts[4]
Amendments to HKFRS 2	Share-based Payment: Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or settlements[3]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[3]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[3]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[3]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective date not yet determined.
[3] Effective for annual periods beginning on or after 1 January 2019.
[4] Effective for annual periods beginning on or after 1 January 2021.

The Group is in the process of making an assessment of the impact of these new and amended HKFRSs upon initial application. Currently it has been considered that adoption of them is unlikely to have an impact on the Group's results of operations and financial position, except for the following:

HKFRS 9 "Financial Instruments" ("HKFRS 9")

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 May 2018. Expected impacts of the new requirements on the Group's consolidated financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss ("**FVTPL**") and (3) fair value through other comprehensive income ("**FVTOCI**").

Based on a preliminary assessment, the Group expects that its financial assets currently measured at amortised cost will continue with their classification and measurements upon the adoption of HKFRS 9.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the Group on adoption of HKFRS 9.

(b) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. The Group has assessed that the change in policy is not likely to have significant impact on the Group's consolidated financial statements based on a preliminary assessment.

HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15")

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The Group has started to assess the impact of HKFRS 15 and expects to apply HKFRS 15, in accordance with modified retrospective approach under which the cumulative effect of initially applying this standard recognised at the date of initial application (i.e. 1 May 2018). When applying HKFRS 15, the directors consider that an output method will be used in measuring the work progress and the directors do not anticipate that the application of HKFRS 15 will have a material impact on the Group's consolidated financial statements but will result in more disclosures to be made in the consolidated financial statements.

HKFRS 16 "Leases" ("HKFRS 16")

HKFRS 16 "Leases" will replace HKAS 17 "Leases" ("**HKAS 17**") and three related Interpretations. Leases will be recorded on the consolidated statement of financial position in the form of a right-of-use asset and a lease liability. HKFRS 16 is effective from periods beginning on or after 1 January 2019. The director is yet to fully assess the impact of HKFRS 16 and therefore is unable to provide quantified information. However, in order to determine the impact the Group are in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under HKFRS 16's new definition.
- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices.
- assessing their current disclosures for finance leases and operating leases as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions assessing the additional disclosures that will be required.

The management of the Group confirms the adoption of HKFRS 16 would not result in a significant impact on the Group's financial position and performance. As at 30 April 2018, the operating lease commitments amounted to HK$11,524,000 and which will be required to be recognised in the consolidated financial statements as right-of-use assets and lease liabilities if HKFRS 16 would have been applied.

4. REVENUE AND SEGMENT INFORMATION

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

Revenue recognised for the years ended 30 April 2018 and 2017 are as follows:

	2018	2017
	HK$'000	*HK$'000*
Contracting revenue	**137,802**	148,271
Consultancy fee	**–**	300
	137,802	148,571

The chief operating decision-maker has been identified as the Board of Directors of the Company. The Board of Directors regards the Group's business of slope, foundation and general building works 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.

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 for the years ended 30 April 2018 and 2017 are as follows:

	2018	2017
	HK$'000	*HK$'000*
Slope works	**122,249**	125,060
Foundation works	**15,553**	20,986
General building works	**–**	2,225
Others	**–**	300
	137,802	148,571

5. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**63**	1,734
Interest income from available-for-sale financial assets	**–**	1,085
Bank interest income	**90**	110
Rental income from lease of machinery	**492**	11
Sundry income	**367**	134
	1,012	3,074

6. FINANCE COSTS

	2018 *HK$'000*	2017 *HK$'000*
Interest on finance leases	**12**	12

7. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/Profit before income tax is arrived at after charging/(crediting):

	2018 *HK$'000*	2017 *HK$'000*
(Loss)/Profit before tax is stated after charging/(crediting):		
(a) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**4,444**	4,568
Contributions to defined contribution retirement plans	**130**	143
Staff costs (including directors' emoluments)	**4,574**	4,711
(b) Other items		
Depreciation, included in:		
— Direct costs	**48**	115
— Administrative expenses:		
— Assets held under finance leases	**22**	33
— Owned assets	**149**	23
	219	171
Operating lease charges:		
— Land and buildings	**2,680**	384
Subcontracting charges (included in direct costs)	**134,057**	135,269
Auditor's remuneration	**662**	600
— Audit service	**500**	600
— Non-audit service	**162**	–
Loss on disposal of available-for-sale financial assets	**–**	231
Gain on disposal of property, plant and equipment	**(63)**	(1,734)

8. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year.

Provision for the PRC Corporate Income Tax are calculated at 25% of the estimated assessable profits for the year ended 30 April 2018 (2017: Nil).

	2018	2017
	HK$'000	*HK$'000*
Provision for Hong Kong Profits Tax		
Current year	**160**	1,352
Over provision in respect of prior years	**(20)**	(102)
	140	1,250

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

	2018	2017
	HK$'000	*HK$'000*
(Loss)/Profit before income tax	**(10,658)**	5,817
Notional tax on (loss)/profit before income tax, calculated at the rates applicable to profit in the tax jurisdictions concerned	**(1,768)**	960
Tax effect of expense not deductible for tax purpose	**1,905**	489
Tax effect of income not taxable	**(15)**	(119)
Temporary differences not recognised	**30**	(20)
Over provision in prior years	**(20)**	(102)
Other	**8**	42
Income tax expense for the year	**140**	1,250

At 30 April 2018, no deferred taxation has been provided as there are no significant unrecognised temporary differences (2017: Nil).

9. DIVIDEND

No dividend was paid or proposed during the years ended 30 April 2018 and 2017, nor has any dividend been proposed since the end of the reporting period.

10. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share attributable to equity holders of the Company is based on the followings:

	2018 *HK$'000*	2017 *HK$'000*
(Loss)/Earnings		
(Loss)/Profit for the year attributable to equity holders of the Company for the purposes of basic (loss)/earnings per share	**(10,798)**	4,567

	2018 *'000*	2017 *'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**1,440,000**	1,440,000

There were no dilutive potential ordinary shares during both years and therefore, diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share.

11. TRADE AND OTHER RECEIVABLES

	2018 *HK$'000*	2017 *HK$'000*
Trade receivables	**13,992**	20,373
Retention receivables	**9,474**	9,304
Other receivables and prepayments	**858**	678
Utility and other deposits	**47,532**	682
	71,856	31,037

Trade receivables

The Group usually provide customers with a credit term of 21–60 days (2017: 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 provision for impairment, was as follows:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**13,990**	20,311
31–60 days	**–**	11
61–90 days	**2**	16
Over 90 days	**–**	35
	13,992	20,373

At each reporting date, the Group reviewed trade receivables for evidence of impairment on both an individual and collective basis. Based on this assessment, no provision for impairment has been recognised at 30 April 2018 and 2017.

Utility and other deposits

At 30 April 2018, the amount mainly represented deposit paid for acquisition of a potential project of HK$45,000,000.

12. AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONSTRUCTION CONTRACTS

	2018	2017
	HK$'000	*HK$'000*
Contract costs incurred plus recognised profits less recognised losses	**315,392**	576,624
Less: progress billings	**(310,510)**	(575,936)
Contract work-in-progress	**4,882**	688
Analysed for reporting purposes as:		
Amounts due from customers on construction contracts	**6,295**	7,979
Amounts due to customers on construction contracts	**(1,413)**	(7,291)
	4,882	688

The gross amounts due from/(to) customers on construction contracts are expected to be recovered/settled within one year.

13. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**10,815**	7,016
Retention payables	**9,113**	7,706
Accruals and other payables	**22,992**	2,299
	42,920	17,021

Trade payables

Payment terms granted by suppliers are 42–60 days (2017: 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:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**10,773**	6,818
31–60 days	**–**	–
61–90 days	**–**	–
Over 90 days	**42**	198
	10,815	7,016

Accruals and other payables

Accruals and other payables included the amount due to a director of a subsidiary of HK$20,000,000. The balance outstanding at 30 April 2018 was unsecured, non-interest bearing and repayable on demand.

14. COMMITMENTS

(a) Capital commitments

Capital commitments outstanding as at 30 April 2018 not provided for in the consolidated financial statements are as follows:

	2018	2017
	HK$'000	*HK$'000*
Contracted for		
Capital injection to a wholly-owned subsidiary	**24,856**	–

(b) Operating lease commitments

As lessee

At the reporting date, the Group had future aggregate minimum lease payment under non-cancellable operating leases in respect of land and building are as follows:

	2018	2017
	HK$'000	*HK$'000*
Within one year	**4,860**	384
In the second to fifth years	**6,664**	384
	11,524	768

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.

15. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Group entered into a sale and purchase agreement with an independent third party to acquire 100% issued share capital of Gain Link Enterprises Limited (the "Target Company") and its subsidiaries (the "Target Group"), at a total consideration of approximately HK$150,000,000 on 17 January 2018 and a deposit of HK$45,000,000 was paid to the Vendor during the year ended 30 April 2018. The Target Company is principally engaged in investment holdings. A Company, established in the PRC with limited liability, will be indirectly owned by the Target Company immediately after the restructuring of the Target Group (the "Project Company"). The Project Company is principally engaged in construction, decoration and engineering in the PRC. Details please refer to the Company's announcement dated 17 January 2018.

The transaction was terminated on 25 May 2018. Pursuant to the Termination Agreement, all rights, obligations or duties created under the sale and purchase agreement shall be terminated with immediate effect. The Vendor and Vendor Guarantors have agreed to grant an exclusive right to the Company to negotiate with them for a restructured transaction for the acquisition of the Project Company and its business for a period of 90 calendar days commencing from the date of the Termination Agreement ("the Exclusivity Period"). The deposit of HK$45,000,000 shall be retained by the Vendor as a deposit until the expiration of the Exclusivity Period.

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.

The Group experienced a decrease in revenue and gross profit margin, and recorded net loss for the year ended 30 April 2018 compared to the net profit for the year ended 30 April 2017. Hong Kong construction companies are facing tougher competitive condition, as well as the slower progress of scrutinising the funding proposals for public works projects by the Finance Committee and the Public Works Subcommittee due to political and social chaos in Hong Kong. The Group has also been facing challenging operating environment resulting from increasing costs of operation including, in particular, higher subcontracting rate. As such, the Directors consider that competition in the market has become more intense recently.

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.

Since 1 May 2015 and up to the date of this announcement, 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.

On 17 January 2018, the Company entered into an agreement (the "Acquisition Agreement") with Mega Lions Construction Limited (the "Vendor"), Mr. Chen Baogen and Mr. Gu Quanyao (the "Vendor Guarantors") to acquire the entire equity interest of Gain Link Enterprises Limited (the "Target Company") and its subsidiaries (collectively referred as the "Target Group"), which is principally engaged in the business of construction, decoration and engineering in the PRC.

The Board considers that the acquisition of the Target Group enables the Group to expand into the PRC market given the Target Group mainly operates its construction projects in the PRC, thus provides an opportunity to the Group diversify and strengthen its business base and increase its profitability.

In additions, the Company and the Vendor entered into a supplemental agreement (the "Supplemental Agreement") to the Acquisition Agreement on 18 January 2018 to provide for a placing of shares to the independent third parties.

On 25 May 2018, the Company, the Vendor and the Vendor Guarantors have agreed to terminate the Acquisition Agreement and Supplemental Agreement with an exclusive right granted to the Company to negotiate for a restructured transaction for this acquisition. Up to the date of this announcement, the restructured transaction is not yet agreed and finalised, while the management is still contemplating the terms and possibility of the acquisition.

Nevertheless, the Group will continue to seek for suitable opportunities through acquisition or cooperation for construction, building and related business in the PRC and the local Hong Kong market. The Board considers that these strategic initiatives will enable the Group to broaden its income streams and asset base, thus contributing to the future development and growth of the Group.

FINANCIAL REVIEW

Revenue

The Group's overall revenue decreased by approximately HK$10.8 million or 7.3% from approximately HK$148.6 million for the year ended 30 April 2017 to approximately HK$137.8 million for the year ended 30 April 2018. The decrease in revenue is mainly due to the decrease in revenue derived from undertaking slope works, foundation works and general building 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 for the year ended 30 April 2018 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$125.1 million for the year ended 30 April 2017 to approximately HK$122.2 million for the year ended 30 April 2018, representing a decrease of approximately 2.3%. The decrease in revenue was primarily attributable to a lower amount of revenue from CEDD for the year ended 30 April 2018, which was due to the completion of the work schedule under some of the Group's slope work projects and less work orders received from its 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$21.0 million for the year ended 30 April 2017 to approximately HK$15.6 million for the year ended 30 April 2018, representing a decrease of approximately 25.7%, as a result of the decrease in the contract size of foundation work projects undertaken by our Group during the year ended 30 April 2018.

General building works: Undertaking general construction of buildings. Revenue from undertaking general building works decreased from approximately HK$2.2 million for the year ended 30 April 2017 to nil for the year ended 30 April 2018, representing a decrease of 100.0%, since the Group did not provide any general building work services for the year ended 30 April 2018.

Gross Profit and Gross Profit Margin

The Group's direct costs decreased by approximately HK$3.3 million or 2.4% from approximately HK$139.3 million for the year ended 30 April 2017 to approximately HK$136.0 million for the year ended 30 April 2018. Such decrease was mainly attributable to the decrease in amount of works performed, which resulted in the decrease in our subcontracting charges.

The Group's gross profit significantly decreased by approximately HK$7.5 million or 80.6% from approximately HK$9.3 million for the year ended 30 April 2017 to approximately HK$1.8 million for the year ended 30 April 2018 and the Group's gross profit margin decreased from approximately 6.3% for the year ended 30 April 2017 to approximately 1.3% for the year ended 30 April 2018. The decrease in gross profit margin was mainly due to a higher subcontracting rate and overall construction costs for the existing projects as a result of the tougher competitive conditions and challenging operating environment in the Hong Kong construction market.

Other Income

The Group's other income amounted to approximately HK$3.1 million and HK$1.0 million for the years ended 30 April 2017 and 2018 respectively, representing a decrease of approximately 67.7%, which was mainly due to the non-recurring gain on disposal of property, plant and equipment of approximately HK$1.7 million and interest income derived from available-for-sale financial assets of approximately HK$1.1 million during the year ended 30 April 2017 as compared to less than HK$0.1 million of gain on disposal of property, plant and equipment and no interest income from available-for-sale financial assets for the year ended 30 April 2018.

Administrative Expenses

The Group's administrative expenses significantly increased by approximately HK$7.0 million or approximately 107.7% from approximately HK$6.5 million for the year ended 30 April 2017 to approximately HK$13.5 million for the year ended 30 April 2018. The increase in the Group's administrative expenses was primarily due to (1) one-off professional expenses incurred of approximately HK$2.9 million; (2) additional rent and rates of approximately HK$2.4 million incurred in relation to the new head office of the Company in Hong Kong; and (3) increase in administrative staff costs of approximately HK$0.7 million.

Net (Loss) Profit

Loss attributable to equity holders for the year ended 30 April 2018 was approximately HK$10.8 million as compared to profit attributable to equity holders of approximately HK$4.6 million for the year ended 30 April 2017. The turnaround from profit to loss for the year was mainly due to the decrease in revenue, gross profit, other income and increase in administrative expenses for the year ended 30 April 2018 as discussed above.

Final Dividend

The Board did not recommend a payment of a final dividend for the year ended 30 April 2018 (2017: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 30 April 2018, the Group's operations, capital expenditure and other capital requirements were funded by internal resources, credit facilities from banks and net proceeds raised from the placing. As aforementioned, the Company successfully listed on GEM on 2 November 2015. Based on the placing price of HK$0.20 per placing share and 205,000,000 new shares issued, the net proceeds from the placing was approximately HK$31.3 million, deducting all listing expenses. The Directors are of the view that as at the date hereof, the Group's financial resources are sufficient to support its business and operations. Notwithstanding this, the Group may consider other financing activities when appropriate business opportunities arise under favorable market conditions.

CASH POSITION

As at 30 April 2018, the cash at banks and in hand of the Group amounted to approximately HK$39.1 million (2017: approximately HK$67.0 million), representing a decrease of approximately HK$27.9 million as compared to that as at 30 April 2017.

CHARGES OVER ASSETS OF THE GROUP

The Group has total present value of minimum lease payments in relation to finance lease, which are secured by the relevant leased office equipment amounting to approximately HK$50,000 as at 30 April 2018 (2017: HK$73,000).

No charge over assets of the Group as at 30 April 2018 (2017: Nil).

GEARING RATIO

As at 30 April 2018, the gearing ratio of the Group was approximately 3.2% (2017: approximately 0.1%). The gearing ratio is calculated as total debt divided by the total equity as the respective reporting date. For this purpose total debt is defined as amount due to a director and obligation under finance leases 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 Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollar. For the year ended 30 April 2018, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies.

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 2018.

CAPITAL COMMITMENTS

As at 30 April 2018, the Group had material capital commitments of HK$24.9 million (2017: Nil) in respect of capital injection of a wholly-owned subsidiary.

EMPLOYEES AND REMUNERATION POLICY

As at 30 April 2018, the Group had 53 (2017: 56) employees, including the Directors. Total staff costs (including directors' emoluments) were approximately HK$4.6 million for the year ended 30 April 2018 as compared to approximately HK$4.7 million for the year ended 30 April 2017. 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

In addition to the business plan as disclosed in the Company's prospectus (the "**Prospectus**") dated 23 October 2015, the Company has entered into the following material investment agreement during the year ended 30 April 2018.

On 17 January 2018, the Company has entered into an Acquisition Agreement with the Vendor and Vendor Guarantors to acquire the entire equity interest of the Target Group, which is principally engaged in the business of construction, decoration and engineering in the PRC.

On 25 May 2018, the Company, the Vendor and the Vendor Guarantors have agreed to terminate the acquisition with an exclusive right granted to the Company to negotiate for a restructured transaction for this acquisition. Up to the date of this announcement, the restructured transaction is not yet agreed and finalised.

Save as disclosed above, there was no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies, and plans for material investments on capital assets.

CONTINGENT LIABILITIES

As at 30 April 2018, the Group had no material contingent liabilities (2017: Nil).

CAPITAL STRUCTURE

The shares of the Company were successfully listed on the GEM of the Stock Exchange on 2 November 2015. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 30 April 2018, the Company's issued capital was HK$14,400,000 and the number of its issued ordinary shares was 1,440,000,000 of HK$0.01 each.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus and Plans for Material Investments or Capital Assets mentioned above, the Group did not have other plans for material investments and capital assets.

Comparison of Business Objectives with Actual Business Progress

	Business objectives from latest practicable date up to 30 April 2018 as stated in the Prospectus	**Actual business progress from latest practicable date as stated in the Prospectus up to 30 April 2018**
Further developing our business by undertaking more projects	Submit more tenders for both public sector projects and private sector projects with a primary focus on slope work when suitable opportunities arise. Undertake more projects should the Group be able to identify and secure suitable business opportunities, with HK$25.77 million earmarked for this period for satisfying the various working capital requirements as discussed in the section headed "Business – Business strategies – 1. Further developing our business by undertaking more projects" in the prospectus dated 23 October 2015 in relation to our projects on hand from time to time including those that may potentially be awarded to us in view of our plan to increase our number of tender submissions.	The Group is in the progress of identifying suitable business opportunities with potential customers and the Group has undertaken certain new construction projects during the year ended 30 April 2018 to satisfy the working capital requirement.
Further strengthening our manpower	Recruit additional staff to cope with our business development and our plan to undertake more projects. Continue to provide training to our existing and newly recruited staff.	The Group has employed additional staff to cope with the new project and continued to sponsor staff to attend seminars and training courses.

USE OF PROCEEDS

During the year ended 30 April 2018, the net proceeds from placing were applied as follows:

	Planned use of proceeds as stated in the Prospectus from latest practicable date up to 30 April 2018 *HK$'million*	**Actual use of proceeds from latest practicable date as stated in the Prospectus up to 30 April 2018** *HK$'million*
Satisfying various working capital requirements in relation to undertaking more projects	25.77	25.50
Further strengthening our manpower	5.53	3.67

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

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 2018.

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 2018.

CORPORATE GOVERNANCE CODE

During the year ended 30 April 2018, 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 2018.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 15 October 2015 (the "**Scheme**"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share options has been granted since the adoption of the Scheme and there was no share option outstanding as at 30 April 2018.

COMPLIANCE ADVISER'S INTEREST

As at 30 April 2018, as notified by the Company's compliance adviser, Gram Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 31 July 2017, neither the Compliance Adviser nor its directors, employees or its close associates (as defined under the GEM Listing Rules) had any interests in the securities to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

EVENTS AFTER REPORTING PERIOD

On 25 May 2018, the Company, the Vendor and the Vendor Guarantors have agreed not to proceed with the acquisition by entering into a Termination Agreement to terminate the Acquisition Agreement and the Supplemental Agreement. Under the Termination Agreement, the Vendor and the Vendor Guarantors have agreed to grant an exclusive right to the Company to negotiate with them for a restructured transaction for this acquisition and its business for a period of 90 calendar days commencing from the date of the Termination Agreement (the "**Exclusivity Period**"), while the deposit of HK$45,000,000 is retained by the Vendor as a deposit until the expiration of the Exclusivity Period and is repayable if no restructured transaction is agreed. Up to date of this announcement, the restructured transaction is not yet agreed and finalised. Details of the Termination Agreement are set out in the announcement of the Company dated 25 May 2018. Save as disclosed above, there was no material subsequent event during the period from 1 May 2018 to the date of this announcement.

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 announcement as required under the GEM Listing Rules.

AUDITOR

Grant Thornton Hong Kong Limited ("**GT**") shall retire in the forthcoming AGM and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of GT as auditor of the Company will be proposed at the forthcoming AGM. The Company has not change its external auditor during the year ended 30 April 2018 and up to the date of this announcement.

AUDIT COMMITTEE

The Company established the Audit Committee on 14 October 2015 with written terms of reference in compliance with the GEM Listing Rules which are available on the websites of the Stock Exchange and the Company. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Wong Man Hin, Raymond, Mr. Zheng Xuchen and Mr. Tang Yiu Wing. The chairman of the Audit Committee is Mr. Wong Man Hin, Raymond, who has appropriate professional qualifications and experience in accounting matters.

The Audit Committee has reviewed this announcement and the audited consolidated results of the Group for the year ended 30 April 2018.

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

Hong Kong, 25 July 2018

As at the date of this announcement, the executive Directors are Mr. Zhou Ying and Ms. Meng Ying and the independent non-executive Directors are Mr. Zheng Xuchen, Mr. Wong Man Hin, Raymond and Mr. Tang Yiu Wing.

This announcement will remain on the ''Latest Company Announcements'' page of GEM of the Stock Exchange's website at www.hkgem.com on the ''Latest Company Announcements'' page for at least 7 days from the day of its posting. This announcement will also be published on the Company's website at http://www.zjuv8366.com.