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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)

**FULFILLMENT OF THE RESUMPTION GUIDANCE
AND
RESUMPTION OF TRADING**

Financial Adviser to the Company



英皇融資有限公司
Emperor Capital Limited

This announcement is made by Zhejiang United Investment Holdings Group Limited (the “**Company**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is also made to (i) the announcements of the Company dated 21 July 2021, 29 July 2021, 13 September 2021, 15 October 2021, 1 November 2021, 8 February 2022, 3 May 2022, 28 July 2022, 2 August 2022 and 3 August 2022 (the “**Announcements**”). Unless otherwise defined, capitalized terms used herein shall bear the same meanings as those defined in the Announcements.

BACKGROUND OF SUSPENSION OF TRADING IN THE SHARES

As disclosed in the Company's announcement dated 21 July 2021, the Company was unable to publish its annual results and annual report for the year ended 30 April 2021 due to the fact that the Company did not have any member of audit committee of the Company, the number of which fell below the minimum number required under Rule 5.28 of the GEM Listing Rules and written terms of reference of the audit committee of the Company to approve the publication of the audited financial results of the Group for the year ended 30 April 2021 (the "**2021 Annual Results**") and the audited annual report for the year ended 30 April 2021 (the "**2021 Annual Report**") as required under Rule 18.49 of the GEM Listing Rules and due to the COVID-19 coronavirus outbreak, additional time was required for the preparation and approval of the 2021 Annual Results and the 2021 Annual Report.

On the other hand, as disclosed in the announcement of the Company dated 29 July 2021, the Company has been unable to contact Mr. Zhou Ying ("**Mr. Zhou**") and Ms. Meng Ying ("**Ms. Meng**") (collectively, the "**Former Directors**") since 22 July 2022. As the Former Directors were the legal representative and main contact persons of the then subsidiaries of the Company in the People's Republic of China (the "**PRC Subsidiaries**"), the Company experienced difficulties in reaching the PRC Subsidiaries and obtaining their latest financial information for the purpose of preparing the 2021 Annual Results and the 2021 Annual Report.

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on Monday, 2 August 2021 pending the publication of the 2021 Annual Results and the 2021 Annual Report. Following the publication of the 2021 Annual Results and 2021 Annual Report, trading in the Shares remained suspended pending compliance with the other requirements set out in the Resumption Guidance as detailed below.

FULFILLMENT OF THE RESUMPTION GUIDANCE

On 22 October 2021, the Company received a letter from the Stock Exchange, in which, among other things, the Stock Exchange sets out the resumption guidance for the Company (the "**Resumption Guidance**").

According to the Resumption Guidance as stated in the above letter from the Stock Exchange, the Company must fulfill the following requirements to the satisfaction of the Stock Exchange before trading in Shares can resume:

1. Publish all outstanding financial results required under the GEM Listing Rules and address any audit modifications ("**Resumption Guidance 1**");
2. Demonstrate that there is no reasonable regulatory concern about the management integrity, and/or the integrity of any persons with substantial influence over the Company's management and operation, which may pose a risk to investors and damage market confidence ("**Resumption Guidance 2**");

3. Demonstrate the Company's compliance with Rule 17.26 of the GEM Listing Rules ("**Resumption Guidance 3**"); and
4. Inform the market of all material information for the Company's shareholders and investors to appraise the Company's position ("**Resumption Guidance 4**").

Since the suspension of trading of the Shares on Monday, 2 August 2021, the Board has been continuously making effort in taking steps to fulfil the Resumption Guidance, and is pleased to inform its Shareholders and potential investors that, as at the date of this announcement, the Resumption Guidance has been fulfilled. Details of the fulfillment of the Resumption Guidance are set out below:

Resumption Guidance 1

The Company published (i) the annual results announcement for the financial year ended 30 April 2021 and the first quarterly results announcement for the three months ended 31 July 2021 on 30 November 2021; (ii) the annual report for the financial year ended 30 April 2021 and the first quarterly report for the three months ended 31 July 2021 on 6 December 2021; (iii) the interim results announcement and interim report for the six months ended 31 October 2021 on 15 December 2021 and 22 December 2021 respectively; (iv) the third quarterly results announcement and third quarterly report for the nine months ended 31 January 2022 on 15 March 2022 and 17 March 2022 respectively; (v) the annual results announcement (the "**2022 Annual Results**") and annual report (the "**2022 Annual Report**") for the financial year ended 30 April 2022 on 29 July 2022; and (vi) the first quarterly results and first quarterly report for the three months ended 31 July 2022 on 14 September 2022, after which all outstanding financial results have been published as at the date of this announcement.

With respect to Resumption Guidance 1, the Company wishes to provide updates that the issues raised in the basis for disclaimer of opinion have been resolved as follows:

(a) Deconsolidation of Subsidiaries

As disclosed in the 2021 Annual Report, Elite Partners CPA Limited (the "**Elite Partners**"), the auditors of the Company for the audit for the financial year ended 30 April 2021, had expressed disclaimer of opinion on the deconsolidation of the subsidiaries in the 2021 Annual Report. Further, as disclosed in the 2022 Annual Report, Fan, Chan & Co. Limited ("**Fan Chan**"), the auditors of the Company for the audit for the financial year ended 30 April 2022, had also expressed the disclaimer of opinion on the deconsolidation of the subsidiaries. The basis of disclaimer of opinion of the auditors and management's view are summarised below.

As the Former Directors were the legal representatives of the Zhejiang Zhong Chun Wenhua Keji Limited* (浙江中淳文化科技有限公司) (“**Zhejiang Zhong Chun**”), Zhejiang Fu Lian Zichan Guanli Limited* (浙江富連資產管理有限公司) (“**Zhejiang Fulian**”) and Zhejiang Xin Lian Hengi Tongxun Jishu Limited* (浙江新聯恒基通訊技術有限公司) (“**Zhejiang Xinlian**”) (collectively, the “**Deconsolidated Subsidiaries**”), had been uncontactable. The Company was unable to provide a complete set of accounting books and records of the Deconsolidation Subsidiaries. As a result, Elite Partners were unable to obtain sufficient reliable audit evidence to satisfy themselves as to whether (i) the loss on the deconsolidation of subsidiaries and the release of reserves upon deconsolidation of subsidiaries amounting to approximately HK\$23,575,000 and HK\$4,173,000 respectively included in the consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 30 April 2021 as well as the related disclosures set out in the notes to the consolidated financial statements were free from material misstatement; and (ii) the Group had lost control of Deconsolidated Subsidiaries.

In the 2022 Annual Report, Fan Chan also expressed disclaimer of opinion with reference to the matters raised by Elite Partners in the 2021 Annual Report. Fan Chan was of the view that had the Deconsolidated Subsidiaries been consolidated up until 29 April 2022 (the date of disposal of the Deconsolidated Subsidiaries of the Group), many elements in the consolidated financial statements for the years ended 30 April 2022 and 2021 would have been materially affected, and in addition, the loss on the disposal of subsidiaries that occurred on 29 April 2022 and recognised in consolidated profit or loss for the year ended 30 April 2022 would be determined based on the carrying amounts of the assets and liabilities of the Deconsolidated Subsidiaries as at 29 April 2022. As such, they were unable to obtain sufficient appropriate audit evidence to enable them to assess the effects of the matters to which the deconsolidation relates. Accordingly, the effects on the consolidated financial statements of these matters could not be determined. Any adjustments that would be required may have consequential significant effects on the assets and liabilities of the Group presented in its consolidated statement of financial position as at 30 April 2021 and the revenue, income, expenses and cash flows of the Group presented in its consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the years ended 30 April 2022 and 2021 and related elements and disclosures thereof in the consolidated financial statements.

In order to address the above modified opinions, the management had used their best endeavours to locate the books and records and information of the Deconsolidated Subsidiaries but in vain.

The Company has appointed the legal adviser in the People’s Republic of China (“**PRC Legal Adviser**”) to attempt resuming control on the Deconsolidated Subsidiaries, the Company faced serious obstacles. Based on the report from the PRC Legal Adviser, the Board concluded that the resumption of the control of the Deconsolidated Subsidiaries was not possible. Subsequently, the management concluded that the Group lost control of the Deconsolidated Subsidiaries and deconsolidated the Deconsolidated Subsidiaries for the year ended 30 April 2021. Therefore, the Group has recorded loss on deconsolidation of approximately HK\$23.6 million and impairment loss on amount due from deconsolidated subsidiary of approximately HK\$43.9 million in relation to the deconsolidation of the Deconsolidated Subsidiaries.

* *For identification purpose only*

After then, the Board assessed and evaluated the benefit of the disposal of the Deconsolidated Subsidiaries (the “**Disposal**”), carried out and completed the Disposal on 29 April 2022. As a result, the Group recognised a loss on the disposal of subsidiaries of approximately HK\$0.2 million and the Deconsolidated Subsidiaries and their intermediate holding company were no longer members of the Group.

After discussing with the professional advisers of the Company, the management is of the view that (i) the Deconsolidated Subsidiaries have already been disposed on 29 April 2022 and (ii) the Group no longer held any interest in the Deconsolidated Subsidiaries, there will not be disclaimer of opinion in this regard but qualified opinion on the comparability of the corresponding figures only in the consolidated financial statements for the year ending 30 April 2023; and there will no longer be any qualified opinion in this regard for the year ending 30 April 2024.

(b) Amounts due to the Former Directors

As disclosed in the 2021 Annual Report, Elite Partners were unable to obtain confirmations from the Former Directors, who had been uncontactable, as they were unable to satisfy itself with sufficient appropriate audit evidence to determine the rights and obligations and the completeness of the amounts due to Mr. Zhou of approximately HK\$3.26 million and Ms. Meng of approximately HK\$0.7 million as at 30 April 2021 (collectively, the “**Balances**”).

For the financial year ended 30 April 2022, Fan Chan discussed with the management and obtained an understanding of the Company’s internal accounting control environment on identifying and recording related party transactions, particularly those involving the Former Directors; reviewed the Board minutes to identify any related party transactions involving the Former Directors and checked the recording of these related party transactions; scrutinized the general ledger to identify large and unusual transactions and paid attention to the transactions recognized at or near the year end to identify possible related party transactions.

Fan Chan obtained understanding of the nature of the Balances from inquiries of the Directors and received the following representations from the directors:

- (i) The Balances were fully arisen from salaries and allowances payable to the Former Directors, and funds advanced by the Former Directors to the Company from time to time to finance the administrative expenses incurred in Hong Kong.
- (ii) The Company has maintained complete accounting records to substantiate the accuracy, completeness and correctness of the Balances.

- (iii) None of the Balances were arisen from any balances or transactions related to the operations of the Deconsolidated Subsidiaries, which have been deconsolidated from 1 May 2020.
- (iv) To the best of the knowledge of the Directors of the Company, the Balances were completely recorded and fairly stated and were not materially understated in the consolidated financial statements.

Fan Chan had performed tests of details during the course of the audit for financial year ended 30 April 2022, including obtaining the general ledgers of the Company and its subsidiaries, scrutinizing the movements of the Balances and examination of the movements against the supporting documents. The tests of details covered the period from the beginning of the account balances (since 1 May 2020) until the issuance date of the 2022 Annual Results (29 July 2022). The tests of details of the general ledgers performed by Fan Chan showed that the outstanding balances of amounts due to the Former Directors of HK\$4,290,000 (of which HK\$3,364,000 and HK\$926,000 were due to Mr. Zhou and Ms. Meng respectively) as at 30 April 2022 were mainly composed of salaries payable to the Former Directors under the respective service contracts whilst they were executive directors of the Company, amounting to approximately HK\$1,725,000 payable to Mr. Zhou and approximately HK\$790,000 payable to Ms. Meng, which were accrued since 1 May 2020, with the remaining balance of approximately HK\$1,775,000 having arisen from funds advanced by them since 1 May 2020 to finance the operating expenses incurred in Hong Kong, including staff salaries, office rent, operating expenses and professional fee, etc. All the funds advanced by the Former Directors were deposited to the bank accounts of the Company and were utilised to pay the operating expenses incurred by the Company through its bank accounts. In respect of the accrued salaries payable to the Former Directors, Fan Chan advised that it had vouched the salaries payable to the Former Directors to their employment contracts up to the date of removing them as directors and board minutes and agreed the information with the disclosures made by the Company in the annual reports. In respect of the payables which arose from funds advanced by the Former Directors, Fan Chan advised that it had agreed the fund transfers with the bank statements. The Company has maintained proper accounting books and records in respect of funds received from the Former Directors. Fan Chan had also checked the use of these funds as recorded in the books and records of the Company against the supporting documents such as payroll list, invoices and receipts of office rent and administrative expenses incurred in Hong Kong. The test of details performed by Fan Chan did not result in any irregularity noted by them and the audit results were in line with the management's assertion (i) and (ii) above. Moreover, the tests of details performed by Fan Chan did not result in finding any fund transfers or transactions in the Balances that were related to the Deconsolidated Subsidiaries. Fan Chan was satisfied with the management assertion per (iii) above.

Fan Chan advised that the audit procedures that it performed during the course of audit for the financial year ended 30 April 2022 to address the assertion of completeness of the Balances included the selection of payments and receipts of large amounts based on review of the bank statements to search for undisclosed or unrecorded related party transactions and checking these payments and receipts to the supporting documentation and recording in the general ledger. Fan Chan had also reviewed the general ledger for large and unusual transactions to search for related party transactions and checked such recorded transactions against supporting documents. Fan Chan had reviewed the Board minutes to identify any related party transactions and checked to the supporting documentation and recording in the general ledger. These audit procedures covered the period from 1 May 2020 until the date of issue of the consolidated financial statements of the Company (29 July 2022). These audit tests performed by Fan Chan did not result in any irregularity noted by Fan Chan. Therefore, Fan Chan was satisfied with the management assertion (iv) related to the completeness and correctness of the Balances as stated in the consolidated financial statements as at 30 April 2022.

Furthermore, during the year ended 30 April 2022, the management of the Company has worked with the PRC Legal Adviser and has placed public notice in the place of residence of the Former Directors to seek for any claims of the balances due to them. Up to the date of this announcement, the Company has not received any query or claim for the amounts due to them.

Based on the foregoing, Fan Chan was satisfied with the fact that amounts due to the Former Directors were not related to the balances or transactions of the Deconsolidated Subsidiaries and had obtained sufficient appropriate audit evidence to address the risk of material misstatement of the balances, therefore Fan Chan did not modify its opinion in this regard.

Based on the above, the Company has addressed all the audit modifications and is of the view that the audit modifications mainly resulted from the deconsolidation of the Deconsolidated Subsidiaries of the Group. Since (i) the Deconsolidated Subsidiaries have already been disposed on 29 April 2022; (ii) the Group no longer held any interest in the Deconsolidated Subsidiaries, there will not be disclaimer of opinion in this regard but qualified opinion on the comparability of the corresponding figures only in the consolidated financial statements for the year ending 30 April 2023; and (iii) there will no longer be any qualified opinion in this regard for the year ending 30 April 2024, the Board is of the view that the audit modifications have been fully addressed and the Company is expecting an unqualified audit report for the financial year ending 30 April 2024. As such, the Board considers that it has fulfilled Resumption Guidance 1.

Resumption Guidance 2

On 26 August 2021, the Former Directors were arrested in the People’s Republic of China due to illegal absorption of public deposits of a private entity owned by the Former Directors. On 30 September 2021, the Company held an extraordinary general meeting in response to the requisition of a substantial shareholder of the Company. In the meeting, the Former Directors were removed from the Board. Thereafter, the Former Directors ceased to have any position in the Group, save for the Deconsolidation Subsidiaries. As a result of the disposal of the Deconsolidation Subsidiaries to an independent third party on 29 April 2022, the Deconsolidation Subsidiaries ceased to be subsidiaries of the Group. As such, the Former Directors no longer have any position in the Group.

Mr. Zhou beneficially owned the entire issued share capital of Century Investment Holdings Limited, which wholly owned the shares in United Financial Holdings Group Limited (“**United Financial**”). As United Financial was interested in 792,000,000 shares in the Company (representing approximately 50.21% of the issued share capital of the Company), Mr. Zhou was deemed or taken to be interested in all the shares of the Company held by United Financial for the purpose of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

On 28 July 2022, Emperor Securities Limited (“**Emperor Securities**”) enforced its rights to take over the 792,000,000 shares (the “**Charged Shares**”) of the Company under a margin loan facility agreement and related finance documents entered into among United Financial (as borrower) and Emperor Securities (as lender). As a result of the enforcement action, the ownership of the Charged Shares passed to Emperor Securities and United Financial (and hence Mr. Zhou) no longer holds the Charged Shares and has ceased to be a controlling shareholder of the Company. Emperor Securities indicated that it has no intention to introduce any changes to the board composition, nor to change the business of the Group and re-deploy the fixed assets of the Group.

The Company and the Board are satisfied that the regulatory concern about management integrity has been addressed, due to the fact that (i) the Former Directors ceased to have any position in the Group and the current directors of the Board confirm that they have no relationship with them; (ii) Mr. Zhou ceased to be a controlling shareholder of the Company and no longer has any direct or indirect interests in the Company; and (iii) the Board is of the view that each member of the Board would be able to individually and collectively fulfill their duties of skill, care and diligence as required under Rule 5.01 and Rule 5.02 of the GEM Listing Rules. The Board considers that it has fulfilled Resumption Guidance 2.

Resumption Guidance 3

The Group is a contractor principally engaged in undertaking slope works, foundation works and other general building works in Hong Kong (the “**Construction Business**”). As per the 2022 Annual Report, the Company recorded a revenue of approximately HK\$133 million for the financial year ended 30 April 2022. The Group’s overall revenue increased by approximately HK\$23 million, representing an increase of approximately 21.1% from approximately HK\$110 million for the financial year ended 30 April 2021. The increase in revenue was mainly due to the increase in revenue derived from the Construction Business.

The revenue of the Group is substantially contributed by the Construction Business which is under the management of the Board and the senior management of the Construction Business of the Group. There is no material change to the core members of the senior management of the Construction Business before and after the Company’s listing on the Stock Exchange in 2015 and up to the date of this announcement. On 5 July 2022, Mr. Law, Michael Ka Ming (“**Mr. Law**”) has been appointed as an executive Director and he has more than thirty years’ experience in construction and property development. The Board is of the view that Mr. Law possesses the knowledge of the Construction Business to achieve sustainable business growth of the Group.

The Directors are of the view that the Company has sufficient operation under a competent management to comply with Rule 17.26 of the GEM Listing Rules.

Resumption Guidance 4

The Directors confirm that to the best of their knowledge, information and belief, save as disclosed in this announcement and the announcements and publications previously made by the Company including but not limited to the announcements in relation to the resumption guidance, the enforcement action taken by Emperor Securities and change of controlling shareholder of the Company, the annual results/report for the financial years ended 30 April 2021 and 2022, there is no other material information that needs to be disclosed pursuant to any of the requirements set out in the GEM Listing Rules, nor are there any other matters that need to be brought to the attention of the shareholders and potential investors of the Company in connection with the Resumption Guidance, and the Directors are not aware of any other inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as at the date of this announcement. The Company will continue to inform the market of all material information as and when appropriate.

The Board considers that the actions taken by the Company as disclosed above are in the best interest of the Company and the Shareholders as a whole. The Company believes that it has taken all reasonable steps to demonstrate its fulfillment of the resumption guidance that (i) the Company has published all outstanding financial results and adequately addressed the audit modifications; and (ii) announcing all material information for the Company’s shareholders and potential investors to appraise the position of the Company. As such, the Board considers that it has fulfilled Resumption Guidance 4.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on Monday, 2 August 2021. As the Resumption Guidance has been fulfilled, an application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 22 September 2022.

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

21 September 2022, Hong Kong

As at the date of this announcement, the executive Directors are Ms. Lai Pik Chi Peggy, Mr. Choi Pun Lap and Mr. Law, Michael Ka Ming, the independent non-executive Directors are Mr. Leung Tsun Ip, Mr. Hui Man Ho Ivan and Mr. Fu Yan Ming.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange of Hong Kong Limited at www.hkexnews.hk 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>.