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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 FIRST QUARTERLY RESULTS
FOR THE THREE MONTHS ENDED 31 JULY 2020**

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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 “**Directors**”) 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 of the Stock Exchange (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.*

The board (the “**Board**”) of directors (the “**Directors**”) of Zhejiang United Investment Holdings Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the three months ended 31 July 2020. This announcement, containing the full text of the First Quarterly Report 2020 of the Company, complies with the relevant requirements of the GEM Listing Rules in relation to information to accompany preliminary announcements of first quarterly results.

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

Hong Kong, 14 September 2020

As at the date of this announcement, the executive Directors of the Company are Mr. Zhou Ying and Ms. Meng Ying, and the independent non-executive Directors of the Company are Mr. Wong Man Hin, Raymond, Mr. Tsui Chung Ho and Ms. Lai Pik Chi Peggy.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com 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>.

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\$20.6 million for the three months ended 31 July 2020 (the “**Reporting Period**”) (2019: approximately HK\$36.1 million), representing decrease of approximately 42.9% as compared with the corresponding period of last year.
- Loss attributable to owners of the Company for the three months ended 31 July 2020 amounted to approximately HK\$1.3 million (2019: approximately HK\$3.3 million).
- Basic loss per share amounted to approximately HK0.08 cents for the three months ended 31 July 2020 (2019: approximately HK0.21 cents).
- The Board does not recommend the payment of dividend for the three months ended 31 July 2020 (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

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

Nevertheless, we believe that the Hong Kong Government’s continuing increase in major construction and infrastructure projects in Hong Kong will increase the demand for slope works. 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.

On 31 August 2020, the Company has entered into corporation agreement with several parties including Beijing Hangdi Media company Limited* (北京航迪傳媒有限公司) as one of the major parties for the purpose of engage in domestic advertising design, production and agency, production, reproduction and distribution of featured films, columns, variety shows, animation, radio plays and TV series, as well as provision of conference services, exhibition event services, corporate planning, internet technology development, technology consultation and technical services.

Please refer to the Company's announcement dated 31 August 2020 for more details.

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. To cope with the impact of this tough conditions, the Group has initiated to expand its construction business in the PRC. In order to enhance and diversify the Group's business prospect, the Group has taken opportunities (including acquisitions or cooperation opportunities) in the telecommunication industry especially in developing 5G Network Technology and related services. In the long run, the Group aims at extending its construction, building telecommunication especially in 5G Network Technology and related business in the PRC as well as the media services in the PRC to enhance values to our shareholders. The Board considers that these strategic initiatives will enable the Group to broaden its income streams and asset base, thus contributing to future development and growth of the Group.

* English translated names for identification purposes only

FINANCIAL REVIEW

Revenue

The Group's overall revenue decreased by approximately HK\$15.5 million or approximately 42.9% from approximately HK\$36.1 million for the three months ended 31 July 2019 to approximately HK\$20.6 million for the three months ended 31 July 2020. The decrease in revenue was mainly due to the decrease in revenue derived from undertaking slope works and foundation works, as further discussed below.

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 2020 are as follows:

Slope works: Undertaking landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls. Revenue from undertaking slope works decreased from approximately HK\$31.8 million for the three months ended 31 July 2019 to approximately HK\$20.3 million for the three months ended 31 July 2020, representing decrease of approximately 36.2%. The decrease was primarily attributable to the decrease in the number of slope works projects and down size of slope work projects.

Foundation works: Undertaking works in relation to the construction of foundations for general building construction. Revenue from undertaking foundation works decreased from approximately HK\$4.3 million for the three months ended 31 July 2019 to approximately HK\$0.4 million for the three months ended 31 July 2020, representing decrease of approximately 91.3%. Such decrease was mainly due to the down size of foundation works projects.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately HK\$0.5 million or approximately 99.2% from approximately HK\$0.5 million for the three months ended 31 July 2019 to approximately HK\$1.0 million for the three months ended 31 July 2020 and the Group's gross profit margin increase from approximately 1.4% for the three months ended 31 July 2019 to approximately 4.8% for the three months ended 31 July 2020. The increase in gross profit margin was mainly due to decreased in subcontracting charges.

The Group's direct costs decreased by approximately HK\$15.9 million or approximately 44.8% from approximately HK\$35.6 million for the three months ended 31 July 2019 to approximately HK\$19.7 million for the three months ended 31 July 2020. Such decrease was mainly attributable to the decrease in amount of works performed resulting in the decrease in our subcontracting charges.

Other Income

The Group's other income are relatively stable for both the three months ended 31 July 2019 and the three months ended 31 July 2020. The increase in other income was mainly due to the first tranche of Employment Support Scheme and increase in net foreign exchange gain and partially offset by the absence of sundry income.

Administrative Expenses

The Group's administrative expenses decrease by approximately HK\$1.4 million or approximately 31.7% from approximately HK\$4.5 million for the three months ended 31 July 2019 to approximately HK\$3.1 million for the three months ended 31 July 2020. The decrease in the Group's administrative expenses was primarily due to the decrease in legal and professional fee and depreciation of right-of-use assets and partially offset by increase in expenses relating to short-term lease.

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 2020 was approximately HK\$1.3 million as compared to approximately HK\$3.3 million for the three months ended 31 July 2019.

DISCLOSURE OF INTERESTS

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

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

(i) Long position in the Company's Shares

Name of Director	Capacity/Nature	Number of shares held/ interested	Approximate percentage of shareholding
Mr. Zhou Ying	Interest of a controlled corporation	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) Long position in the shares of associated corporations

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

Note:

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

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

As at 31 July 2020, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO:

Name	Capacity/nature	Number of shares held/ interested	Approximate percentage of shareholding
United Financial Holdings Group Limited	Beneficial owner	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, the controlling shareholders and substantial shareholders, neither themselves nor their respective associates (as defined in the GEM Listing Rules) had held any position or had interest in any businesses or companies that were or might be materially competing with the business of the Group, or gave rise to any concern regarding conflict of interests during the three months ended 31 July 2020.

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

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

CORPORATE GOVERNANCE CODE

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

Since the Company has appointed Mr. Zhou 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.

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 majority 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 three months ended 31 July 2020 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 2020 (2019: 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.

On 23 September 2019, the Company has granted share options under the Scheme to certain eligible grantees which, subject to acceptance by the grantees, will enable the grantees to subscribe for an aggregate of 60,000,000 ordinary shares of the Company of HK\$0.01 each in the share capital of the Company as stated in the announcement of the Company dated 23 September 2019. As at 31 July 2020, there were 60,000,000 options outstanding in relation to the grant of share options on 23 September 2019 under the Scheme.

AUDIT COMMITTEE

The Company established the Audit Committee on 14 October 2015 with written terms of reference 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 Dr. Wong Man Hin, Raymond, Mr. Tsui Chung Ho and Ms. Lai Pik Chi Peggy. The chairman of the Audit Committee is Dr. Wong Man Hin, Raymond, who has appropriate professional qualifications and experience in accounting matters.

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

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

Hong Kong, 14 September 2020

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 2020 together with the comparative figures for the corresponding period in 2019.

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

FOR THE THREE MONTHS ENDED 31 JULY 2020

	Notes	For the three months ended 31 July	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	20,647	36,089
Direct costs		(19,657)	(35,592)
Gross profit		990	497
Other income	3	852	831
Administrative expenses		(3,092)	(4,530)
Finance costs	4	(1)	(96)
Loss before income tax	6	(1,251)	(3,298)
Income tax expense	5	(14)	–
Loss for the period		(1,265)	(3,298)
Other comprehensive income/(expenses) 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		230	(344)
Total comprehensive expense for the period		(1,035)	(3,642)
Loss for the period attributable to:			
— owners of the Company		(1,263)	(3,298)
— non-controlling interests		(2)	–
		(1,265)	(3,298)
Total comprehensive for the period (expenses)/income attributable to:			
— owners of the Company		(1,057)	(3,642)
— non-controlling interests		22	–
		(1,035)	(3,642)
		HK cents	HK cents
Loss per share for loss attributable to owners of the company			
— Basic and diluted	8	(0.08)	(0.21)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE THREE MONTHS ENDED 31 JULY 2020

	Attributable to owners of the Company								
	Share capital	Share premium	Share-based payment reserve	Merger reserve	Exchange reserve	(Accumulated losses)/ retained earnings	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note c)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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	-	-	-	-	-	(1,263)	(1,263)	(2)	(1,265)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
— Exchange differences on translation of financial statements of PRC subsidiary	-	-	-	-	206	-	206	24	230
Total comprehensive income/(expenses) for the period	-	-	-	-	206	(1,263)	(1,057)	22	(1,035)
As at 31 July 2020 (unaudited)	15,772	72,131	7,962	18,001	(1,964)	(33,623)	78,279	(1,981)	76,298
As at 1 May 2019	14,400	24,457	-	18,001	(1,027)	7,221	63,052	-	63,052
Loss for the period	-	-	-	-	-	(3,298)	(3,298)	-	(3,298)
Other comprehensive expenses for the period	-	-	-	-	-	-	-	-	-
— Exchange differences on translation of financial statements of PRC subsidiary	-	-	-	-	(344)	-	(344)	-	(344)
Total comprehensive expense for the period	-	-	-	-	(344)	(3,298)	(3,642)	-	(3,642)
Placing of new shares	1,372	48,706	-	-	-	-	50,078	-	50,078
Share issuing expenses	-	(1,032)	-	-	-	-	(1,032)	-	(1,032)
As at 31 July 2019 (unaudited)	15,772	72,131	-	18,001	(1,371)	3,923	108,456	-	108,456

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 1511, 15/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong. The Company is an investment holding company and its subsidiaries (collectively, the “**Group**”) are principally engaged in undertaking slope works, foundation works and other general building works, telecommunication business and media services.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 July 2020 have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Rules Governing the Listing of Securities on 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 2020, the accounting policies adopted by the Group are consistent with financial statements for the year ended 30 April 2020.

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

2. BASIS OF PREPARATION (CONTINUED)

The outbreak of coronavirus disease (“COVID-19”) and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. Quarantine measures in an effort to control the spread of the pandemic. The government of Hong Kong has announced some financial measures and supports for corporates to overcome the negative impact arising from the pandemic. As such, the financial performance of the Group were affected in different aspects, including government grants of first tranche of Employment Support Scheme in respect of COVID-19-related subsidies.

Accounting policies newly applied by the Group

In addition, the Group has applied the following policies which became relevant to the Group in the current period.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Contracting revenue	<u>20,647</u>	<u>36,089</u>
Revenue from contracts with customers recognised at over time	<u>20,647</u>	<u>36,089</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 2020 and 2019 are as follows:

	Three months ended 31 July	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Slope works	20,273	31,792
Foundation works	374	4,297
	20,647	36,089

An analysis of other income is as follows:

	Three months ended 31 July	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net foreign exchange gain	529	–
Interest income	–	51
Government grant (note)	321	–
Sundry income	2	780
	852	831

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	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	3,387	5,894
Customer B	15,652	21,021
Customer C	N/A¹	3,936
Customer D	N/A¹	3,662

¹ 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	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on lease liability	1	96

5. INCOME TAX EXPENSE

	Three months ended 31 July	
	2020	2019
	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% (2019: 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 2019, since there were no assessable profits in Hong Kong.

No provision for the People's Republic of China (the "PRC") Enterprise Income Tax has been made as the Group did not generate any income from PRC for both periods.

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	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss before income tax for the period has been arrived at after charging:		
Staff costs (including directors' emoluments)		
— salaries, allowances and benefits in kind	1,541	1,496
— retirement benefits scheme contributions	44	42
	<hr/>	<hr/>
Total staff costs	1,585	1,538
Depreciation of right-of-use assets	6	1,155
Depreciation of property, plant and equipment	146	173
	<hr/>	<hr/>
	152	1,328
Expenses relating to short-term lease	575	96
Subcontracting charges (included in direct costs)	19,657	35,280
	<hr/>	<hr/>

7. DIVIDEND

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

Loss

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

<u>(1,263)</u>	<u>(3,298)</u>
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	Three months ended 31 July	
	2020	2019
	'000	'000
	(Unaudited)	(Unaudited)

Number of shares

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

<u>1,577,200</u>	<u>1,565,270</u>
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As the Company's outstanding share options where applicable had an anti-dilutive effect to the basic loss per share calculation, the exercise of the above potential dilutive shares is not assumed in the calculation of diluted loss per share for the three months ended 31 July 2020.

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