

# Unity Enterprise Holdings Limited

## 盈滙企業控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 2195

INTERIM REPORT  
2022

The background of the cover features a stylized, abstract cityscape. It consists of several 3D-rendered buildings of varying heights and colors, including shades of blue, green, and yellow. The buildings have rounded tops and are set against a light green background. A path of similar colors leads from the bottom left towards the center. The overall aesthetic is modern and clean, with a focus on geometric shapes and a vibrant color palette.

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS

Mr. Yeung Wing Sun (*Chairman*)

Mr. Chan Leung  
(*Chief Executive Officer*)

### NON-EXECUTIVE DIRECTOR

Mr. Li Fat Chung

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Mak Alexander

Ms. Chan Mei Wah

Mr. Wu Hak Ping

### AUDIT COMMITTEE

Ms. Chan Mei Wah (*Chairperson*)

Mr. Li Fat Chung

Mr. Mak Alexander

Mr. Wu Hak Ping

### REMUNERATION COMMITTEE

Mr. Mak Alexander (*Chairperson*)

Mr. Li Fat Chung

Ms. Chan Mei Wah

Mr. Wu Hak Ping

### NOMINATION COMMITTEE

Mr. Wu Hak Ping (*Chairperson*)

Mr. Li Fat Chung

Ms. Chan Mei Wah

Mr. Mak Alexander

## COMPANY SECRETARY

Ms. Leung Sau Fong  
(member of Hong Kong Institute of  
Chartered Secretaries)

## AUTHORISED REPRESENTATIVES

Mr. Yeung Wing Sun

Mr. Chan Leung

## AUDITOR

BDO Limited

*Certified Public Accountants*

25th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

## COMPLIANCE ADVISER

Grande Capital Limited

Room 2701, 27/F

Tower 1, Admiralty Center

18 Harcourt Road

Admiralty

Hong Kong

## PRINCIPAL BANKER

Nanyang Commercial Bank Limited

151 Des Voeux Road Central

Hong Kong

# CORPORATE INFORMATION

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

71 Fort Street  
PO Box 500  
George Town  
Grand Cayman KY1-1106  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1103, 11th Floor  
9 Chong Yip Street  
Kwun Tong  
Kowloon  
Hong Kong

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Services (Cayman) Limited  
71 Fort Street  
PO Box 500  
George Town  
Grand Cayman KY1-1106  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716  
17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

## COMPANY'S WEBSITE

[www.hongdau.com.hk](http://www.hongdau.com.hk)

## INVESTOR RELATIONS CONTACT

E-mail: [info@hongdau.com.hk](mailto:info@hongdau.com.hk)

## STOCK CODE

2195

# FINANCIAL HIGHLIGHTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

- Revenue decreased by approximately 29.5% to approximately HK\$68.9 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$97.7 million).
- Gross profit decreased by approximately 25.7% to approximately HK\$12.9 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$17.3 million).
- The Group recorded a profit attributable to equity holders of the Company of approximately HK\$6.8 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$10.6 million).
- Basic earnings per share was approximately HK0.68 cents for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK1.21 cents).
- The Board has resolved not to recommend the declaration of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$288,000 per ordinary share).

# MANAGEMENT DISCUSSION AND ANALYSIS

## INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Unity Enterprise Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022, together with the comparative unaudited figures for the corresponding period in 2021.

## BUSINESS REVIEW

The Group is a contractor specialising in repair, maintenance, alteration and addition (“RMAA”) works in Hong Kong. The Group undertook repair and maintenance services, involving the upkeep, restoration and improvement of existing buildings and facilities, including the services of re-roofing, external and internal walls refurbishment, floor screeding and retiling, spalling repair, scaffolding, repairing and replacement of windows and door, plastering, painting, improvement of fire services system, plumbing and drainage works and the Group also provided additional ancillary services, such as alteration and addition works of building layout and structural works, design of new structural works and checking of structural adequacy of existing constructions and interior decoration works to the existing premises.

Hong Kong has been experiencing the fifth wave of outbreak of COVID-19 since early 2022. The scale and impact of the fifth wave of outbreak has been much more severe than the previous waves. The existing projects’ progress of the Company has been slowed down by the pandemic because:

- (1) a significant number of construction workers had contracted COVID-19 or were required to be quarantined, which resulted in considerable disruptions in labour supply in the construction industry; and
- (2) there have been disruptions in both local and cross-border transportation and logistics as well as disruptions and reduction in the supply of construction materials in Hong Kong.

As a result of abovesaid, the revenue decreased by approximately 29.5% to approximately HK\$68.9 million (six months ended 30 June 2021: approximately HK\$97.7 million) during the six months ended 30 June 2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

The impact of the fifth wave of outbreak of COVID-19 have also resulted in slowdowns in the Group's cashflow cycle and increasing pressures on the working capital needs of the Group. Given the current economic climate during this unprecedented time, the Directors considered that it is not a suitable and appropriate time for deploying the substantial start-up cost for adopting metal scaffolding system. In the best interest of the Company, the Directors changed the use of net proceeds from share offering of approximately HK\$47.9 million from the provision of metal scaffolding system to meet working capital requirement and pay certain upfront costs and expenses. The Directors believe that it is in the interest of the Company to strengthen the Group's liquidity and financial resources and retain sufficient cash and bank balances to satisfy some of the working capital requirements of tender invitation.

As at 30 June 2022, the Group has 9 projects (31 December 2021: 15 projects) on hand with an aggregate original contract sum of approximately HK\$533.7 million (31 December 2021: approximately HK\$636.2 million). The Group was invited to submit tenders and/or quotations for a number of relatively sizable projects during the six months ended 30 June 2022.

## PROSPECTS

Looking ahead, the Group will continue to focus on tendering RMAA works projects with high potential and high profitability, increasing market share of RMAA industry, capturing the growth in RMAA industry, maintaining the relationships with existing customers and developing relationships with new customers.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### REVENUE

For the six months ended 30 June 2022, the Group's unaudited consolidated revenue amounted to approximately HK\$68.9 million (six months ended 30 June 2021: approximately HK\$97.7 million). The decrease in revenue of approximately 29.5% was mainly attributable to the fifth wave of outbreak of COVID-19 in Hong Kong and the recent outbreaks of COVID-19 in the Mainland China, resulting in disruptions in the logistics and supply of construction materials and labours as well as disruptions and delays in the work progress of existing projects and the tender process for potential new projects.

### GROSS PROFIT AND GROSS PROFIT MARGIN

For the six months ended 30 June 2022, the gross profit amounted to approximately HK\$12.9 million (six months ended 30 June 2021: approximately HK\$17.3 million), while the gross profit margin was approximately 18.7% (six months ended 30 June 2021: approximately 17.7%). The decrease in gross profit of approximately 25.7% was primarily attributable to the decrease in revenue as discussed above.

The slight increase in the gross profit margin was mainly driven by the projects on hand with relatively higher gross profit margin undertaken during the six months ended 30 June 2022. The Directors consider that, the gross profit margin has been maintained at a stable level during the six months ended 30 June 2022.

### OTHER INCOMES AND GAIN

For the six months ended 30 June 2022, the other incomes and gain amounted to approximately HK\$0.5 million, which included the anti-epidemic fund of approximately HK\$0.3 million from the Government under the Employment Support Scheme and the bank interest income of approximately HK\$0.2 million from time deposits.

For the six months ended 30 June 2021, the other incomes and gain amounted to approximately HK\$0.8 million, which was contributed by the disposal of a motor vehicle with a gain of approximately HK\$0.4 million and the reimbursement of litigation costs and disbursement of approximately HK\$0.4 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## ADMINISTRATIVE EXPENSES

Administrative expenses primarily comprise staff costs, depreciation, office expenses, audit fee and professional fees. The administrative expenses increased from approximately HK\$4.1 million for the six months ended 30 June 2021 to approximately HK\$5.2 million for the six months ended 30 June 2022, representing an increase of approximately HK\$1.1 million or 25.9%. Such increase was mainly attributable to the increase in legal and professional fee including the post-listing expenses and the increase in staff cost.

## FINANCE COSTS

The Group's finance costs decreased from approximately HK\$0.2 million for the six months ended 30 June 2021 to approximately HK\$7,000 for the six months ended 30 June 2022, which was driven by the decrease in interest on bank borrowings.

## INCOME TAX EXPENSE

The income tax expense decrease from approximately HK\$2.4 million for the six months ended 30 June 2021 to approximately HK\$1.1 million for the six months ended 30 June 2022, representing an decrease of approximately 53.5%. Such decrease was mainly attributable to the decrease in profit before tax as a result of the aforesaid for the six months ended 30 June 2022.

## PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

Profit and total comprehensive income for the period decreased by approximately 36.1% from approximately HK\$10.6 million for the six months ended 30 June 2021 to approximately HK\$6.8 million for the six months ended 30 June 2022. Such decrease was mainly contributed by the decrease in revenue and the increase in administrative expenses as well as the recognition of loss allowances on trade receivables and contract assets of approximately HK\$0.3 million during the six months ended 30 June 2022 (six months ended 30 June 2021: reversal of loss allowances of approximately HK\$1.3 million).

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The liquidity requirements are primarily attributable to the working capital for the business operations. The principal sources of liquidity are cash generated from the operations and the proceeds from the Listing. As at 30 June 2022, the Group maintained a healthy liquidity position with net current assets balance, a time deposit and cash and bank balances of approximately HK\$166.8 million (31 December 2021: approximately HK\$160.3 million), HK\$40 million (31 December 2021: HK\$50 million) and approximately HK\$25.9 million (31 December 2021: approximately HK\$23.4 million), respectively. The time deposit and cash and bank balances were denominated in Hong Kong dollars. The Shares of the Company were listed on Main Board of the Stock Exchange on 31 March 2021. There has been no change in the capital structure of the Company since then. As at the date of this interim report, the capital structure of the Company comprised mainly issued share capital and reserves.

## BANK BORROWINGS

The gearing ratio is calculated as bank borrowings divided by the total equity. As at 30 June 2022 and 31 December 2021, the Group had no outstanding bank borrowings.

## GEARING RATIO

As at 30 June 2022 and 31 December 2021, the Group's gearing ratio was nil.

## NET DEBT TO EQUITY RATIO

The net debt to equity ratio recorded net cash position as at 30 June 2022 and 31 December 2021.

## TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

## CAPITAL EXPENDITURES

For the six months ended 30 June 2022, the Group incurred capital expenditures of approximately HK\$0.4 million (six months ended 30 June 2021: approximately 1.8 million) to purchase of office equipments and renew the tenancy agreement.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CONTINGENT LIABILITIES

Details of the Group's contingent liabilities as at 30 June 2022 are set out in Note 24 to the financial statements of this interim report.

## OFF-BALANCE SHEET ARRANGEMENTS AND COMMITMENTS

The Directors confirm that as at the date of this interim report, other than the above contingencies, the Group did not have any off-balance sheet arrangements or commitments.

## PLEDGE OF ASSETS

As at 30 June 2022 and 31 December 2021, all of the Group's bank borrowings have been settled and all pledged assets have been released.

## SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2022, the Group did not have any significant investments, acquisitions or disposals.

## FOREIGN EXCHANGE EXPOSURE

The Group has a minimal exposure to foreign currency risk as most of the business transactions and assets and liabilities of the Group are principally denominated in Hong Kong Dollar. As such, the Directors consider the Group's risk in foreign exchange is insignificant and no foreign exchange hedging was conducted by the Group during the six months ended 30 June 2022.

## FINANCIAL INSTRUMENTS

As at 30 June 2022, the major financial instruments include trade receivables, deposits and other receivables, a time deposit, cash and bank balances, trade payables and other payables. The management manages such exposure to ensure appropriate measures are implemented in a timely and effective manner.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group had 34 employees (31 December 2021: 27 employees) who were directly employed by the Group and based in Hong Kong. The Group offers remuneration package to the employees which includes salary and bonuses. Generally, the Group considers employees' salaries based on each of their qualifications, position and seniority. The Company has an annual review system to appraise the performance of the employees, which constitutes the grounds of our decision as to the salary raises, bonuses and promotions. The remuneration of the Directors is decided by the Board upon the recommendation from the remuneration committee of the Company having regard to the Group's operating results, individual performance and comparable market statistics.

# MANAGEMENT DISCUSSION AND ANALYSIS

## SIGNIFICANT EVENT AFTER REPORTING PERIOD

Save as disclosed in Note 25 to the financial statements of this interim report, there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors after the six months ended 30 June 2022.

## USE OF PROCEEDS

The amount of gross proceeds from the Share Offer is HK\$140 million and the amount of net proceeds from the Share Offering is approximately HK\$90.7 million after deducting underwriting commissions and the finalised expenses relating to the Share Offer (the "Net Proceeds").

The Net Proceeds from the Share Offering have been and will be used in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" of the Company's prospectus dated 19 March 2021 (the "Prospectus") and the announcement of the Company headed "Change in Use of Proceeds" dated 29 April 2022, details of which are as outlined below:

Purposes	Original intended use of net proceeds HK\$ million	Revised intended use of net proceeds HK\$ million	Utilised amount as at 30 June 2022 HK\$ million	Unutilised amount as at 30 June 2022 HK\$ million	Expected timeline for utilising the unutilised net proceeds
Upgrading the construction equipment and enhancing the safety measures through the provision of metal scaffolding system ("Plan 1")	57.5	9.6	–	9.6	By December 2023
Meeting working capital requirement and paying certain upfront costs and expenses ("Plan 2")	25.7	73.6	51.1	22.5	By December 2022
Further strengthening our manpower ("Plan 3")	7.5	7.5	2.7	4.8	By December 2023
Total	90.7	90.7	53.8	36.9	

# MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2022, the Group changed the use of Plan 1 and Plan 2. Details and reasons for the change are set out in the announcement of the Company headed “Change in Use of Proceeds” dated 29 April 2022. The actual use of Plan 3 was delayed due to the extension of tender process of new potential projects.

As at the date of this interim report, there was no further change for the intended use of Net Proceeds as disclosed in the announcement of the Company headed “Change in Use of Proceeds” dated 29 April 2022.

## FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus and the announcement of the Company headed “Change in Use of Proceeds” dated 29 April 2022, as at the date of this interim report, the Group did not have other plans for material investments and capital assets.

## DIVIDEND

The Board has resolved not to recommend the declaration of an interim dividend for the six months ended 30 June 2022.

During the period from 1 January 2021 to 29 March 2021, which was prior to the Listing, the Company declared interim dividends of HK\$288,000 per ordinary share amounting to HK\$28.8 million to its shareholder which were settled through the current account with a director.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CORPORATE GOVERNANCE CODE

The Group is committed to ensuring high standards of corporate governance and business practices. The Company's corporate governance practices are based on the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules. During the six months ended 30 June 2022, the Company has complied with the applicable code provisions of the CG Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the required standard for securities transactions by Directors. All Directors, after specific enquiries by the Company, confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2022.

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the six months ended 30 June 2022.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party and in which a Director or a connected entity of a Director had a material interest, whether directly or indirectly, subsisted at 30 June 2022 or at any time during the six months ended 30 June 2022.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or 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 they are 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 referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### (A) LONG POSITIONS IN THE SHARES OF HK\$0.01 EACH OF THE COMPANY ("SHARES")

Name of Director	Capacity/Nature of interest	Number of Shares held/ interested	Percentage of interest
Mr. Yeung Wing Sun ("Mr. Yeung") (Note)	Interest in a controlled corporation	605,000,000	60.50%

Note: 605,000,000 Shares are held by Harvest Land Company Limited ("Harvest Land") which is beneficially wholly owned by Mr. Yeung. Mr. Yeung and Harvest Land are regarded as a group of controlling shareholders of the Company under the Listing Rules acting in concert to exercise their voting rights in the Company and they together will be interested in a total of 60.50% of the issued share capital of the Company. Mr. Yeung is deemed to be interested in the Shares held by Harvest Land pursuant to the SFO.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## (B) LONG POSITION IN THE SHARES OF ASSOCIATED CORPORATIONS

Name of Director	Name of associated corporation	Capacity/Nature of interest	Number of Shares held/ interested	Percentage of interest
Mr. Yeung (Note)	Harvest Land	Beneficial owner	1	100%

Note: The Company is owned as to 60.50% by Harvest Land. Harvest Land is beneficially owned as to 100% by Mr. Yeung.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are 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 register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2022, the following persons had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

### LONG POSITIONS IN THE SHARES

Name of shareholder	Capacity/Nature of interest	Number of Shares held/ interested	Percentage of interest
Harvest Land (Note 1)	Beneficial owner	605,000,000	60.50%
Mr. Yeung (Note 1)	Interest in controlled corporation	605,000,000	60.50%
Ms. Yu So Yin (Note 2)	Interest of spouse	605,000,000	60.50%

Notes:

1. Harvest Land is beneficially owned as to 100% by Mr. Yeung. Mr. Yeung and Harvest Land are regarded as a group of controlling shareholders of Company under the Listing Rules acting in concert to exercise their voting rights in the Company and they together will be interested in a total of 60.50% of the issued share capital of the Company. Mr. Yeung is deemed to be interested in the Shares held by Harvest Land pursuant to the SFO.
2. Ms. Yu So Yin is the spouse of Mr. Yeung. Accordingly, Ms. Yu So Yin is deemed to be interested in all the Shares in which Mr. Yeung is interested under the SFO.

Save as disclosed above, as at 30 June 2022, the Company had not been notified by any persons who had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## SHARE OPTION SCHEME

Written resolutions were passed on 15 March 2021 to adopt the share option scheme (the “Scheme”). The principal terms of the Scheme are summarised in the paragraph headed “D. Share Option Scheme” in Appendix V of the Prospectus. No share options have been granted, exercised, cancelled or lapsed under the Scheme during the six months ended 30 June 2022. The Scheme will remain in force for a period of 10 years after the date of adoption.

## MANAGEMENT CONTRACT

No contract, other than a contract of service with any Director or any person in the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the six months ended 30 June 2022.

## COMPETING INTERESTS

The controlling shareholders, namely Harvest Land and Mr. Yeung (collectively, the “Controlling Shareholder(s)”) had entered into the deed of non-competition in favour of the Company on 18 March 2021 (the “Non-competition Undertaking”). Each of the Controlling Shareholders has confirmed that he/it had complied with the Non-Competition Undertaking during the six months ended 30 June 2022 and up to the date of this interim report. The independent non-executive Directors have reviewed that state of compliance of each of the Controlling Shareholder with the Non-competition Undertaking and as far as the independent non-executive Directors can ascertain, there has been no breach of the undertakings given in the Non-competition Undertaking by the Controlling Shareholders during the six months ended 30 June 2022 and up to the date of this interim report.

## CONNECTED AND RELATED PARTY TRANSACTIONS

The Group had not entered into any connected transaction or continued connected transactions during the six months ended 30 June 2022 and up to the date of this interim report, which is required to be disclosed under Chapter 14A of the Listing Rules.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company’s total issued share capital was held by the public during the six months ended 30 June 2022 and up to the date of this interim report.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## AUDIT COMMITTEE

The Company has established the audit committee (“Audit Committee”) on 15 March 2021 with written terms of reference. The composition of the Audit Committee meets the requirement of Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of external auditor, review the financial statements and provide material advice in respect of financial reporting, oversee the financial reporting process, internal control, risk management systems and audit process of the Company and perform other duties and responsibilities assigned by the Board. The Audit Committee comprises three Independent Non-executive Directors, namely Ms. Chan Mei Wah, Mr. Mak Alexander and Mr. Wu Hak Ping and one Non-executive Director namely Mr. Li Fat Chung. Ms. Chan Mei Wah is the chairperson of the Audit Committee.

## REVIEW OF INTERIM FINANCIAL RESULTS BY AUDIT COMMITTEE

The unaudited consolidated interim financial information of the Group for the six months ended 30 June 2022 and the accounting information given in this interim report has not been audited by the Company’s external auditor but has been reviewed by the Audit Committee of the Company, which was of the opinion that the preparation of such accounting information complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The results announcement and this interim report are published on the Company’s website at [www.hongdau.com.hk](http://www.hongdau.com.hk) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk). This interim report of the Company for the six months ended 30 June 2022 will be despatched to its shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course in the manner as required by the Listing Rules.

## APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates and other professional parties for their support throughout the period.

On behalf of the Board  
**Yeung Wing Sun**  
*Chairman and Executive  
Director*

Hong Kong, 30 August 2022

# UNAUDITED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	6	<b>68,899</b>	97,694
Cost of services		<b>(56,028)</b>	(80,379)
Gross profit		<b>12,871</b>	17,315
Other incomes and gain	7	<b>495</b>	817
Administrative expenses		<b>(5,162)</b>	(4,101)
(Loss allowances)/reversal of loss allowances on trade receivables and contract assets		<b>(318)</b>	1,326
Listing expenses		–	(2,186)
Finance costs	8	<b>(7)</b>	(192)
Profit before income tax	9	<b>7,879</b>	12,979
Income tax expense	10	<b>(1,114)</b>	(2,398)
Profit and total comprehensive income for the period		<b>6,765</b>	10,581
Profit attributable to equity holders of the Company		<b>6,765</b>	10,581
Earnings per share attributable to equity holders of the Company			
Basic and diluted	12	<b>HK0.68 cents</b>	HK1.21 cents

# UNAUDITED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	1,319	1,302
Deferred tax assets	21	1,302	1,129
<b>Total non-current assets</b>		<b>2,621</b>	2,431
<b>Current assets</b>			
Trade receivables	14	169,549	165,517
Contract assets	15	33,688	30,719
Deposits, prepayments and other receivables	16	4,068	4,109
Tax recoverable		3,900	2,250
Time deposit	17	40,000	50,000
Cash and bank balances	18	25,881	23,420
<b>Total current assets</b>		<b>277,086</b>	276,015
<b>Current liabilities</b>			
Trade payables	19	64,260	59,885
Accrued liabilities and other payables	20	20,333	31,713
Lease liabilities	22	352	139
Tax payable		25,295	24,007
<b>Total current liabilities</b>		<b>110,240</b>	115,744
<b>Net current assets</b>		<b>166,846</b>	160,271
<b>NET ASSETS</b>		<b>169,467</b>	162,702
<b>EQUITY</b>			
Equity attributable to equity holders of the Company			
Share capital	23	10,000	10,000
Reserves		159,467	152,702
<b>TOTAL EQUITY</b>		<b>169,467</b>	162,702

# UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Attributable to equity holders of the Company			
		Share	Share	Retained	Total
		capital	premium	earnings	equity
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022 (audited)		10,000	101,105*	51,597*	162,702
Profit for the period and total comprehensive income for the period		–	–	6,765	6,765
At 30 June 2022 (unaudited)		10,000	101,105*	58,362*	169,467
At 1 January 2021 (audited)		–	–	54,115	54,115
Issue of shares pursuant to the Listing of the Company	23(iii)	2,500	137,500	–	140,000
Capitalisation Issue of shares	23(ii)	7,500	(7,500)	–	–
Expenses incurred in connection with issue of new shares		–	(28,895)	–	(28,895)
Dividend	11	–	–	(28,800)	(28,800)
Profit for the period and total comprehensive income for the period		–	–	10,581	10,581
At 30 June 2021 (unaudited)		10,000	101,105	35,896	147,001

\* These reserve balances comprised the reserve account as set out in the unaudited consolidated interim statement of financial position

## Note i Share premium

Under the Companies Act (as revised) of the Cayman Islands, share premium of the Company is available for paying distributions and dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distributions or dividend payments, the Company is able to pay its debts as they fall due in the ordinary course of business.

## Note ii Retained earnings

The retained earnings represent cumulative net gains or losses recognised in profit or loss.

# UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Six months ended 30 June	
		2022	2021
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Net cash used in operating activities		<b>(7,440)</b>	(38,570)
Cash flows from investing activities			
Interest received		<b>118</b>	2
Purchase of property, plant and equipment		<b>(5)</b>	(926)
Decrease/(increase) of a time deposit		<b>10,000</b>	(50,000)
Net cash generated from/(used in) investing activities		<b>10,113</b>	(50,924)
Cash flows from financing activities			
Proceeds from bank borrowings		–	10,200
Repayments of bank borrowings		–	(21,533)
Payments of lease liabilities		<b>(212)</b>	(106)
Proceeds from issue of new shares	23(iii)	–	140,000
Payment of Share issue expenses		–	(28,895)
Interest paid		–	(186)
Net cash (used in)/generated from financing activities		<b>(212)</b>	99,480
Net increase in cash and cash equivalents		<b>2,461</b>	9,986
Cash and cash equivalents at beginning of the period		<b>23,420</b>	15,604
Cash and cash equivalents at end of the period, representing cash and bank balances		<b>25,881</b>	25,590

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 1. GENERAL

Unity Enterprise Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands on 13 March 2019 under the Companies Act (as revised) of the Cayman Islands. The address of the Company’s registered office is 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands, and its principal place of business is Unit 1103, 11th Floor, 9 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 31 March 2021.

The principal activity of the Company is investment holding while its subsidiaries are principally engaged in provision of repair, maintenance, alteration and addition (“RMAA”) works services in Hong Kong.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Harvest Land Company Limited (“Harvest Land”), which is incorporated in the British Virgin Islands (“BVI”).

## 2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements (the “unaudited interim financial statements”) are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange and the Hong Kong Companies Ordinance. These unaudited interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

The accounting policies and the basis of preparation adopted in the preparation of this unaudited interim financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong and the disclosures requirements of the Hong Kong Companies Ordinance, except for the adoption of the amendments to HKFRSs as disclosed in note 3 below.

These unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand ("HK\$'000") except when otherwise indicated. These unaudited condensed consolidated interim financial statements have not been audited or reviewed by the Company's external auditors, but have been reviewed by the Company's audit committee.

### 3. ADOPTION OF HKFRSs

The accounting policies adopted in the preparation of the unaudited interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of amendments to HKFRSs effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

For the current period, the Group has applied all the new and revised HKFRSs as well as amendments to and interpretation of HKFRSs that are relevant to its operations and effective for the financial periods beginning on or after 1 January 2022. These applications do not have a material impact on the unaudited condensed consolidated interim financial statements of the Group.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 4. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective, in these unaudited condensed consolidated interim financial statements.

HKFRS 17	Insurance Contracts and related amendments <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to HKFRS 17	Amendments to HKFRS 17 <sup>1</sup>
Hong Kong interpretations 5	Presentation of financial statements- classification by the borrower of a term loan that contains a repayment on demand clause (2020) <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective date not yet determined

The directors of the Company anticipate that the above new and amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of such standards. 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 the adoption of them is unlikely to have a material impact on the Group's results of operations and financial position.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 5. OPERATING SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM"), being the executive directors of the Company, in order for CODM to allocate resources and to assess performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group. The Group's CODM makes decisions according to the operating results of each segment. No analysis of segment asset and segment liability is presented as the Group's CODM does not regularly review such information for the purpose of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

### GEOGRAPHICAL INFORMATION

The Group's revenue is solely generated from, and non-current assets are located in, Hong Kong, based on the location of the relevant entities' operation.

### INFORMATION ABOUT MAJOR CUSTOMERS

During the reporting period, revenue from major customers who contributed over 10% of the total revenue of the Group is as follows:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	16,461	26,556
Customer B	16,111	23,735
Customer C	12,969	18,834
Customer D (note)	12,224	N/A

Note: The customer did not contribute over 10% of the total revenue of the Group for the six months ended 30 June 2021.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 6. REVENUE

Revenue represents the fair value of amounts received and receivable for the provision of RMAA works provided by the Group to customers.

### DISAGGREGATION OF REVENUE

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Type of contract nature		
Project-based		
— Subcontractor	50,699	69,436
— Main contractor	18,200	11,442
Term-contract based	–	16,816
	<b>68,899</b>	97,694
Type of developments		
Residential	47,827	60,269
Commercial and industrial	21,072	37,425
	<b>68,899</b>	97,694

Revenue from contract with customers arose from provision of RMAA works rendered in Hong Kong under long term contracts and was recognised over time during the reporting period. All the Group's provision of RMAA works is made directly with the customers. Contracts with the Group's customers are mainly fixed-price contracts.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 7. OTHER INCOMES AND GAIN

The Group's other incomes and gain recognised are as follows:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	–	435
Government subsidies (note 1)	328	–
Reimbursement of litigation costs and disbursement (note 2)	–	380
Bank interest income	167	2
	<b>495</b>	<b>817</b>

Notes:

- The government subsidies are mainly related to wage subsidies from the Government of Hong Kong Special Administrative Region under the Employment Support Scheme ("ESS"). Under the terms of the ESS, the Group is required to undertake and warrant that they will not implement redundancies during the subsidy period and spend all the wages subsidies on paying salaries to their employees.
- Hong Dau Construction Company Limited ("HDC") had been joined as a third party in District Court Civil Action 2744 of 2017. Subsequent to the settlement of the main action between the plaintiff and the defendants, the defendants paid HDC a total sum of HK\$380,000 being agreed costs and disbursements and discontinued the third party proceeding against HDC.

## 8. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	–	186
Interest on lease liabilities	7	6
	<b>7</b>	<b>192</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 9. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Employee benefit expenses (including directors' remuneration):		
— Directors' fee	240	120
— Salaries, allowances and other benefits	4,795	3,806
— Contributions to retirement benefits schemes	161	134
Total employee benefit expenses	5,196	4,060
Depreciation of property, plant and equipment	406	214

The employee benefit expenses included in cost of services were HK\$2,502,000 (six months ended 30 June 2021: HK\$2,055,000) for the six months ended 30 June 2022.

## 10. INCOME TAX EXPENSE

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

Under the two-tiered profits tax rates regime, Hong Kong Profits Tax of a qualified entity in the Group was provided at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. The profits of the other Hong Kong subsidiary will be taxed at a flat rate of 16.5%.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

During the year ended 31 December 2019, the Hong Kong Inland Revenue Department (“IRD”) has issued an enquiry letter to HDC requesting breakdowns and details of cost of construction work executed by HDC for the year of assessment 2012/13. An additional assessment was issued by IRD demanding additional profits tax of HK\$1,320,000 for the year of assessment 2012/13. The Group has filed an objection to IRD in respect of the aforesaid additional assessment. A tax reserve certificate of HK\$1,320,000 for condition holdover order of objection against the additional assessment was purchased by the Group.

During the year ended 31 December 2020, the IRD issued an additional assessment demanding additional profits tax of HK\$1,320,000 for the year of assessment 2013/14 to HDC. The Group filed an objection to IRD in respect of the aforesaid assessment and an unconditional holdover of an amount of HK\$720,000 was granted by IRD.

During the year ended 31 December 2021, the IRD issued additional assessments demanding additional profits tax of HK\$1,650,000 for the years of assessment 2014/15 and 2015/16 to HDC, HK\$165,000 for the year of assessment 2014/15 to Hong Dau Construction & Engineering Co. Limited (“HDE”) and HK\$82,500 for the year of assessment 2015/16 to HDE, respectively. The Group filed objections to the IRD in respect of the aforesaid assessments for HDC and HDE. In relation to HDE, unconditional holdovers of HK\$165,000 and HK\$82,500 were granted by the IRD. In relation to HDC, as no part of the tax has been held over by the IRD, the Group has made payments of HK\$3,300,000 to the IRD in respect of the additional assessment for HDC.

According to the deed of indemnity dated 18 March 2021 (the “Deed of Indemnity”), the Controlling Shareholders have undertaken in favour of the Group to indemnify all outstanding taxes incurred prior to the Listing and all reasonable costs, expenses or other liabilities which any member of the Group may incur in connection with the investigation, assessment, settlement or contesting of any taxation claim. For further information in relation to the Deed of Indemnity, please refer to the paragraph headed “E. Other information — 1. Tax and other indemnities” in the Appendix V to the Prospectus.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 11. DIVIDENDS

The Board has resolved not to recommend the declaration of an interim dividend for the six months ended 30 June 2022.

During the period from 1 January 2021 to 29 March 2021 which was prior to the Listing, the Company declared interim dividends of HK\$288,000 per ordinary share amounting to HK\$28,800,000 to its shareholder which were settled through the current account with a director.

## 12. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2022 and 2021 is based on the profit for the period attributable to ordinary equity holders of the Company of approximately HK\$6,765,000 (six months ended 30 June 2021: approximately HK\$10,581,000), and the weighted average number of ordinary shares of 1,000,000,000 (six months ended 30 June 2021: 876,389,000) in issue during the six months ended 30 June 2022.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the six months ended 30 June 2021 represented 100 ordinary shares of the Company as at 1 January 2021, 749,999,900 ordinary shares of the Company issued under the Capitalisation Issue (as defined in note 23(ii)), as if these additional shares issued under the Capitalisation Issue had been in issue throughout the six months ended 30 June 2021, and weighted average number of 126,388,889 ordinary shares of the Company issued upon the Listing on the Main Board of the Stock Exchange on 31 March 2021.

No adjustment has been made to the basic earnings per share presented for the six months ended 30 June 2022 and 2021 as the Group had no potentially diluted ordinary shares in issue during those periods.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group incurred capital expenditure of approximately HK\$0.4 million (six months ended 30 June 2021: approximately HK\$1.8 million) to purchase office equipment and renew the tenancy agreement. Item of a motor vehicle with zero net book value was disposed of during the six months ended 30 June 2021, resulting in a gain on disposal of approximately HK\$0.4 million.

## 14. TRADE RECEIVABLES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade receivables, gross	176,909	172,641
Less: Loss allowances recognised	(7,360)	(7,124)
	<b>169,549</b>	165,517

The credit terms of the trade receivables are ranged from 30 to 45 days from the date of invoice.

The ageing analysis of trade receivables net of loss allowances at the end of reporting period/year based on invoice date is as follows:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within one month	12,887	35,739
One to three months	10,821	30,991
More than three months but within one year	116,776	65,165
More than one year	29,065	33,622
	<b>169,549</b>	165,517

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Included in the Group's trade receivables balance as at 30 June 2022 are debtors with aggregate carrying amounts of approximately HK\$156,662,000 (31 December 2021: approximately HK\$129,778,000), which are past due as at the reporting date. Out of the past due balances, approximately HK\$138,367,000 (31 December 2021: approximately HK\$71,663,000) have been past due 90 days or more and are not considered as in default by considering the background of the debtors, subsequent settlement, historical payment arrangement and credit standing of these trade receivables. The Group does not hold any collateral over these balances.

## 15. CONTRACT ASSETS

The following table provides information about contract assets from contracts with customers:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Contract assets		
Retention receivables	34,905	31,854
Less: Loss allowances recognised	(1,217)	(1,135)
	<b>33,688</b>	30,719

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on revenue related to the provision of RMAA works. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group provides the invoice to the customer.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Retention receivables represent the money retained by the Group's customers to secure the due performance of the contracts. The customers normally withhold up to 10% of each interim payment and up to a maximum limit of 5% of the contract sum as retention money for the project, 50% of which is normally recoverable upon the practical completion of respective projects and the remaining 50% is recoverable after the completion of defects liability period specified in the relevant contracts, normally one year from the date of completion of respective projects.

As at 30 June 2022, the amounts of contract assets that are expected to be recovered after one year are approximately HK\$30,981,000 (31 December 2021: approximately HK\$30,066,000).

## 16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Rental, utilities and sundry deposits	2,496	2,508
Tax reserve certificate	1,320	1,320
Other prepayments and receivables	252	281
	<b>4,068</b>	4,109

None of the above deposits and other receivables is either past due or impaired.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 17. TIME DEPOSIT

As at 30 June 2022, the time deposit of HK\$40 million (31 December 2021: HK\$50 million) carried interest rates at fixed rates of 0.70% (31 December 2021: 0.70%) per annum. The due date of the time deposit is on 18 July 2022.

## 18. CASH AND BANK BALANCES

Cash at banks earns interest at floating rates based on daily bank deposit rates.

## 19. TRADE PAYABLES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade payables	64,260	59,885

The credit term of the trade payables is 30 days from the date of invoice. The ageing analysis of trade payables based on the invoice date as of the end of the reporting period/year is as follows:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within one month	5,954	13,459
One to three months	8,427	10,486
More than three months	49,879	35,940
	64,260	59,885

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 20. ACCRUED LIABILITIES AND OTHER PAYABLES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Retention payables (Note)	17,385	17,045
Other payables and accruals	146	1,275
Accrued contract costs	2,802	13,393
	<b>20,333</b>	<b>31,713</b>

Note: Retention payables to sub-contractors of RMAA works are interest-free and payable by the Group after completion of the maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts, normally one year from the completion date of the respective contracts.

As at 30 June 2022, the retention payables that are expected to be settled after one year are approximately HK\$15,902,000 (31 December 2021: approximately HK\$16,395,000).

## 21. DEFERRED TAX

The following are the major deferred tax assets/(liabilities) recognised and movement during the six months ended 30 June 2022:

	Accelerated tax depreciation HK\$'000	Loss allowances HK\$'000	Total HK\$'000
At 1 January 2022 (audited)	(89)	1,218	1,129
(Debit)/credit to profit or loss	(24)	197	173
At 30 June 2022 (unaudited)	<b>(113)</b>	<b>1,415</b>	<b>1,302</b>
At 1 January 2021 (audited)	(36)	684	648
(Debit)/credit to profit or loss	(29)	126	97
At 30 June 2021 (unaudited)	(65)	810	745

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

As at 30 June 2022, the Group had estimated unused tax losses of HK\$4,000 (31 December 2021: HK\$4,000) available for offset against future profits. The estimated unused tax losses arising in Hong Kong available may be carried forward indefinitely for offsetting against future taxable profit of a Hong Kong subsidiary in which the losses arose. Deferred tax assets have not been recognised in respect of the tax losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

## 22. LEASE LIABILITIES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Minimum lease payments due Within one year	360	139
Present value of lease liabilities Within one year	352	139

The total cash outflows for leases including the payments of lease liabilities for the six months ended 30 June 2022 was HK\$212,000 (six months ended 30 June 2021: HK\$106,000).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 23. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Authorised		
Ordinary shares of HK\$0.01 each		
At 1 January 2022 (audited) and 30 June 2022 (unaudited)	10,000,000,000	100,000
At 1 January 2021 (audited)	38,000,000	380
Increase in authorised share capital (note(i))	9,962,000,000	99,620
At 30 June 2021 (unaudited)	10,000,000,000	100,000
Issued and fully paid		
Ordinary shares of HK\$0.01 each		
At 1 January 2022 (audited) and 30 June 2022 (unaudited)	1,000,000,000	10,000
At 1 January 2021 (audited)	100	–
Capitalisation Issue (note(ii))	749,999,900	7,500
Share Offering (note(iii))	250,000,000	2,500
At 30 June 2021 (unaudited)	1,000,000,000	10,000

### Note

- (i) On 15 March 2021, an ordinary resolution of the Company was passed and pursuant to which the authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of additional 9,962,000,000 shares of HK\$0.01 each.
- (ii) Pursuant to the resolutions of the shareholder passed on 15 March 2021, the Company allotted and issued a total of 749,999,900 ordinary shares, credited as fully paid at par, to Harvest Land on 31 March 2021 by way of capitalisation of the sum of HK\$7,499,999 standing to the credit of the share premium account of the Company (the "Capitalisation Issue").
- (iii) In connection with the listing of the shares of the Company on the Stock Exchange (the "Share Offer"), 250,000,000 new ordinary shares of HK\$0.01 each were issued at a price of HK\$0.56 per share for a total cash consideration, before expenses, of HK\$140,000,000. Dealings in the shares of the Company on the Stock Exchange commenced on 31 March 2021.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 24. CONTINGENT LIABILITIES

In the ordinary course of the Group's business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or of the Group's subcontractors in accidents arising out of and in the course of their employment. The directors are of the opinion that such claims are substantially covered by insurance and would not result in material adverse impact on the financial position or results and operations of the Group.

At the end of each reporting period, the Group had outstanding performance bonds as follows:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Performance bonds for guarantee of completion of projects issued by insurance companies	6,613	6,613

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 25. SUBSEQUENT EVENTS AND EFFECT OF COVID-19

Since the outbreak of the COVID-19 pandemic in Hong Kong, the management of the Group have closely monitored the development of the outbreak of COVID-19 pandemic and kept regular communications with its customers and subcontractors to understand whether there would be any significant impacts on the status or progress of the Group's ongoing projects and availability of subcontractors in the local market.

Based on the currently available information, the progress of certain projects of the Group has recently been affected by the fifth wave of COVID-19 infection. Given the inherent unpredictable nature and rapid development relating to COVID-19 pandemic, the Group's business might be affected should the situations in Hong Kong deteriorates and the management of the Group will continue to closely monitor in this regard.

Save as disclosed above, there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors after the six months ended 30 June 2022 and up to the date of this report.