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UNITAS HOLDINGS LIMITED

宏海控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8020)

I) DECISION OF THE GEM LISTING COMMITTEE ON CANCELLATION OF LISTING AND (II) REQUEST TO THE LISTING REVIEW COMMITTEE TO REVIEW DECISION ON CANCELLATION OF LISTING

Financial adviser to the Company



This announcement is made by Unitas Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10(2)(a) of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 21 January 2022, 28 January 2022, 22 February 2022, 4 May 2022, 17 May 2022, 16 August 2022, 22 November 2022, 22 February 2023 (the “**Announcements**”). Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

DECISION OF THE GEM LISTING COMMITTEE

The board of directors of the Company (the “**Board**”) regrets to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, on 16 June 2023, the Company received a letter (the “**GLC Decision Letter**”) from the Stock Exchange stating that, on 15 June 2023, the GEM Listing Committee considered the Company’s case and decided to cancel the Company’s listing under GEM Rule 9.14A (the “**GLC Decision**”).

Reasons for the GLC Decision

Pursuant to and as extracted from the GLC Decision Letter, the GEM Listing Committee arrived at the GLC Decision for the reasons, including but not limited to, as follows:

1. Trading in the Company's shares had been suspended since 17 May 2022. Under GEM Rule 9.14A, the Stock Exchange had the right to delist the Company if the Company failed to resume trading by 16 May 2023.
2. As explained below, the GEM Listing Committee considered that by the resumption deadline and to date, the Company had failed to fulfil any of the resumption guidance.

RG1 – demonstrate its compliance with GEM Rule 17.26

3. For the following reasons, the GEM Listing Committee considered that since the LC Decision, the Group's business scale and performance had not materially improved, and this RG1 remained unfulfilled.
4. Since the decision of the GEM Listing Committee dated 17 May 2022 that the Company had failed to comply with GEM Rule 17.26 (the "**LC Decision**"), the Company had continued to suspend the Dry Bulk Shipping Business and did not intend to resume its operation. It had continued to rely on the Logistic Service Business and the IP Automation and Entertainment Business to meet GEM Rule 17.26.
5. For FY2022 and FY2023, the Company generated (i) total revenue of HK\$47.94 million and HK\$93.10 million (unaudited), (ii) net loss of HK\$4.97 million and minimal net profits of HK\$1.8 million (unaudited), respectively, and (iii) net operating cash outflow of HK\$0.56 million in FY2022.

(A) On operation

Logistic Service Business

6. In the LC Decision, the GEM Listing Committee was concerned about the substance, viability and sustainability of the business as it had a concentrated customer base and its financial results had been deteriorating. The memorandum of understanding with Qingdao Sino Far East Shipping Agency Company Limited ("**Qingdao Sino**") dated 11 January 2022 was preliminary and the forecasted revenue (HK\$15 million for FY2022 and HK\$30 million for FY2023), even if achieved, was small.

7. After the LC Decision, the Logistic Services Business generated revenues of HK\$37.8 million (audited) and HK\$74.6 million (unaudited) with segment profits of HK\$3.2 million (audited) and HK\$4.9 million (unaudited) for FY2022 and FY2023, respectively. For the following reasons, the GEM Listing Committee considered that the issue about the business substance, viability and sustainability remains unaddressed:

- (i) The Logistic Services Business had a short and non-performing operating history. It started to operate in the second half of FY2020; was suspended during FY2021 due to lack of performance and unfavorable market condition; resumed the operation in late FY2021; and started generating revenue again in FY2022.
- (ii) The business maintained a low level of operating activities. For FY2022 and FY2023, it executed only 9 and 16 freight forwarding contracts, respectively.
- (iii) Its customer base remained highly concentrated. Since FY2022, it had been serving only one customer, Qingdao Sino. It had signed the MOU with Qingdao Sino, which was non-legally binding and set to expire in January 2024.

It was uncertain whether Qingdao Sino would continue to procure the Company's services (and, if so, in what amount) both before and after the MOU expires. In particular, Qingdao Sino was not dependent on the Group's logistic services given that it was a sizable freight forwarder group in the PRC and had procured the Group to provide services for only a small number of forwarding contracts.

In any case, there was an issue that the business was materially reliant on Qingdao Sino which in turn gave rise to a serious concern on the viability and sustainability of the business model, particularly given that any material adverse change to or termination of the relationship with Qingdao Sino would materially impact on the business operation and performance.

8. The Company did not provide a concrete plan to expand the customer base. Nor had it demonstrated to have a competitive edge to secure sufficient customers and generate sufficient revenues and profits to sustain the business particularly given that the provision of vessel cargo spaces back to back involved limited value added services for its customers.
9. The Company's plan to provide truck/railway logistic services between Russia and the PRC was preliminary and has a short operating history of three months. So far, it had only had one customer generating minimal revenue of HK\$1.65 million. The provision of local logistics services in Hong Kong was also preliminary and without details. The Company failed to demonstrate how its plans, if materialise, would substantially improve the financial performance of the Logistic Services Business.

10. The forecasted total revenue of the Logistic Services Business for FY2024 was not credible as it was not supported by a concrete and credible business plan, with projections based on legally binding contracts and supportable customer demand.

IP Automation and Entertainment Business

11. As explained below, the GEM Listing Committee also did not consider the business to be viable and sustainable.
12. The operating scale remained very small. For FY2022 and FY2023, this business recorded (i) revenue of HK\$10.2 million and HK\$18.5 million (unaudited) respectively and (ii) segment loss for both financial years.
13. At the time of LC Decision, it operated the Ganawawa IP centres and provided brand management and marketing consulting services. To date, both of them remained small in scale:
 - (i) The Group had downsized its “Ganawawa” operation leaving only one centre. It did not have any plan to expand this business.
 - (ii) The brand management and marketing consulting services business commenced in FY2022 with three service agreements only. Two agreements with total contract value of RMB11 million already expired and the remaining contract had an insignificant contract amount of RMB5 million. The Company did not provide a credible plan to expand these services.
14. The other new business developments had a short operating history or were preliminary, and in any case were small in scale:
 - (i) Sooper Yoo commenced operation in September 2022 with less than a 10 month operating history of less than 10 months. For FY2023, Sooper Yoo generated insignificant revenue of HK\$7 million as profit-sharing from the operation (excluding the one-off reimbursement of design and construction costs of HK\$7.9 million). The Huizhou Play Zone commenced operation in May 2023 and the Shenzhen Play Zone had yet to commence operation. They had not generated meaningful revenue for the Group. In any case, the three play zones were only expected to generate insignificant revenue of HK\$15 million for FY2024.
 - (ii) The D100 Campaign was preliminary and subject to negotiation. In any case, it was only a one-off campaign which would not generate recurring income to the Group. The Company also failed to demonstrate it has a credible business plan in securing more similar business opportunities.

15. The Company expected to have a forecasted revenue of HK\$35.8 million for FY2024. However, none of which was not supported by signed contracts nor supportable customer demand. It also failed to provide any expected profitability of this business.

(B) On Assets

16. Nor had the Company demonstrated to have sufficient assets to meet GEM Rule 17.26. As at 31 March 2022, the Company had total assets of HK\$51.57 million (comprising a majority of cash and cash equivalents) and net assets of HK\$20.58 million. For the reasons mentioned above, the GEM Listing Committee did not consider that the Company had sufficient asset to enable the Company to operate a business which was of substance, viable and sustainable.

RG2 – inform the market of material information

17. Fulfilment of this condition was to be assessed when the Company had met all the other resumption guidance. For the above reasons, the GEM Listing Committee were not satisfied that the Company had met this condition.
18. In these circumstances, the Exchange was entitled to delist the Company under GEM Rule 9.14A.

REVIEW REQUEST OF THE GLC DECISION

Under Chapter 4 of the GEM Listing Rules, the Company has the right to have the GLC Decision referred to the Listing Review Committee of the Stock Exchange (the “**Listing Review Committee**”) for review within seven business days from the date of issue of the GLC Decision (i.e., on or before 28 June 2023) (the “**LRC Review**”). If the Company decides not to request to have the LRC Review, the last day of listing of the Company’s shares will be on 3 July 2023 and the listing of its shares will be cancelled with effect from 9:00 a.m. on 4 July 2023.

After seeking professional advice and with due consideration, the Company has submitted an application requesting the GLC Decision be referred to the Listing Review Committee for review on 28 June 2023.

The Company hereby reminds the Shareholders and potential investors of the Company that the outcome of the LRC Review is uncertain. Shareholders who have any queries about the implications of the delisting of the Company’s shares are advised to seek appropriate professional advice.

Further announcement(s) will be made by the Company in respect thereof as and when appropriate.

Shareholders who have any queries about the implication of the Stock Exchange’s notice of proceeding to cancel the Company’s listing are advised to seek appropriate professional advice.

SUSPENSION OF TRADING

Accordingly, trading in the shares of the Company on the Stock Exchange will be suspended with effect from 9:00 a.m. on 17 May 2022 and will remain suspended until further notice. Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the GEM Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Unitas Holdings Limited
Maisy Ho
Chairlady

Hong Kong, 28 June 2023

As at the date of this announcement, the Company’s executive Directors are Ms. Ho Chiu Ha Maisy (Chairlady), Mr. Lau Ling Tak and Ms. Man Wing Yee Ginny and the independent non-executive Directors are Mr. Siu Chi Yiu Kenny, Mr. Lee Chi Keung Jim and Dr. Chow Ho Wan, Owen.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and (ii) there are no other matters the omission of which would make any statement in this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the website of the Stock Exchange at www.hkexnews.hk for a minimum period of seven days from the date of its posting. This announcement will also be published on the Company’s website (www.unitas.com.hk).