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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)

DECISION OF THE LISTING COMMITTEE TO SUSPEND TRADING IN THE COMPANY'S SHARES

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

THE STOCK EXCHANGE'S NOTICE TO CANCEL THE LISTING OF THE COMPANY

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

The Board wishes to inform the shareholders and potential investors of the Company that the Review Hearing was held before the GEM Listing Committee (the “**Committee**”) on 12 April 2022. On 4 May 2022, the Company received a letter from the Stock Exchange notifying the Company that the Committee, having considered all the submissions (both written and oral) made by the Company and the Listing Division of the Stock Exchange (the “**Listing Division**”), the Committee was of the view that the Company failed to maintain a sufficient level of operations and assets as required under Rule 17.16 of the GEM Listing Rules to warrant the continued listing of its shares, and decided to uphold the decision of the Listing Division that the Company had failed to comply with Rule 17.26 of the GEM Listing Rules (the “**LD Decision**”) to suspend trading in the Company's shares under Rule 9.04(3) of the GEM Listing Rules (the “**LC Decision**”).

The Committee arrived at its decision for the following reasons:

1. Company is/was principally engaged in (a) corporate finance advisory business (IPO business but deconsolidated in 2020); (b) the Dry Bulk Shipping and Logistic Service Business; (c) the IP Automation and Entertainment Business; and (d) the Medical Masks Business.
2. The Dry Bulk Shipping and Logistic Service Business was the major source of the Company's revenue in the past five financial years. The Committee had concerns that this is not a business of substance. The performance of this business has been rapidly deteriorating since FY2017. In FY2021, the Company decided to suspend this business. Although the Company has recently resumed the logistic service business (but not the dry bulk shipping business), the scale of its operations is minimal. The other businesses (i. e. the IP Automation and Entertainment Business and the Medical Masks Business) have a limited track record and are small in scale. The Company also confirmed that the Medical Masks Business will not be the Company's long-term development focus. The Company has been loss-making in the past five years, and continued to record a loss of HK\$3.8 million in its third quarterly report for the nine months ended 31 December 2021 (the "**2021Q3 Report**"). The situation does not appear to be a temporary downturn or decline. Overall, the Committee was concerned that the Company's businesses do not have substance and are not viable and sustainable.

Dry Bulk Shipping and Logistic Service Business

3. This business was the Company's major revenue generating business before its suspension in FY2021. This business has all along been operated with a concentrated customer base, giving rise to the Committee's concern that this business lack business substance. During the past five years, the largest customer contributed 21% to 63% of the total revenue whilst the five largest customers contributed 66% to 92% of the total revenue.
4. The performance of this business had peaked in FY2017 with revenue of HK\$192.2 million but had decreased to HK\$44.8 million in FY2020. In FY2021, revenue further dropped to zero as the Company had decided to suspend this business in light of the unfavourable market environment and its difficulties in retaining existing clients and soliciting new clients. This business has suffered losses or recorded minimal profits over the past five years. The situation is not a temporary downturn.

5. The Company recently resumed the logistic service business and submitted that it intended to resume the dry bulk shipping business in early FY2022/23. The Company however failed to demonstrate that this business is viable and sustainable:
- (i) With respect to the logistic service business, its operation scale remained small and it was questionable whether and how its resumption would substantially improve the Company's business operations and results.
 - (a) The Company submitted that it had executed six ocean freight forwarding contracts (the "**Instruments**") with two customers. However, the Instruments were executed in the form of a memorandum of understanding or a fixture note. The service under the Instruments appeared to be one-off, and it was uncertain whether the Instruments were legally binding. The total service value of the Instruments only amounted to US\$1.8 million, out of which HK\$0.7 million was recognised as revenue in the 2021Q3 Report.
 - (b) The Company also entered into a memorandum of understanding with Qingdao Far East Shipping Agency Company Limited in January 2022, and submitted that it is negotiating with a sizeable freight forwarder group in the PRC to purchase cargo space. Together with the Instruments, it was still uncertain whether this business segment could generate the forecasted revenue of HK\$15 million and HK\$30 million for the respective year ending 31 March 2022 and 31 March 2023, In any event, even if the Company could achieve its expected revenue, the forecast amount remained small.
 - (ii) With respect to the dry bulk shipping business, the business plans submitted by the Company at the Review Hearing were preliminary and generic, The Company submitted that it would try to re-negotiate with previous customers and suppliers in resuming this business, yet there was no concrete plan to demonstrate how the Company could substantially improve the profitability and ensure sustainability of this business notwithstanding that the difficulties causing its suspension in FY2021 remained.
 - (iii) The Committee noted that the Company entered into a staragent cooperation agreement with a Canadian company in December 2021 to broaden income source and further diversity its logistic service scopes. However, the Company would only be entitled to a minimal monthly fee of US\$29,500 for 18 months.

IP Automation and Entertainment Business and Medical Masks Business

6. The IP Automation and Entertainment Business and the Medical Masks Business were newly commenced in FY2020 and FY2021, respectively. These businesses have a limited track record and are operated in a small scale. These businesses generated minimal revenue of less than HK\$10.9 million in the 2021Q3 Report.
7. The Committee noted the Company had taken or proposed to take steps to expand these businesses. However, the Committee was concerned whether they are viable and/or sustainable:
 - (i) With respect to the plans on the launch of POP-UP shops and the mega integrated entertainment and experience center at The Westwood (the “**Entertainment Facilities**”) and the sales of IP products, they are all preliminary, lack concrete details and subject to negotiation. The Company projected that these new business initiatives would generate a total revenue of HK\$14.2 million and HK\$32.8 million in FY2022 and FY2023. However, the Company acknowledged at the Review Hearing that the Entertainment Facilities would only be launched in the second quarter of 2022 and start generating revenue thereafter, Also, the Company did not provide any concrete business plan or evidence of customer demand to support the revenue forecast.
 - (ii) With respect to the provision of brand management and marketing consulting services, although the Company has executed three agreements, all of which are short-term and/or with small contract sums. The Company recorded only HK\$3.04 million from the provision of such services in the 2021Q3 Report.
 - (iii) With respect to the Medical Masks Business, although the Company has recently entered into a few agreements trying to increase revenue streams, the Committee noted the Company’s submission at the Review Hearing that it did not intend to develop this business in the long run, but would rather focus its resources on the other businesses.
8. In light of the above, it was unclear whether these businesses are viable and sustainable and could significantly improve the scale of operations and the financial performance of the Company. In particular, the Committee noted that the Company’s total revenue of HK\$11.6 million in the 2021Q3 Report constituted only 21%, and significantly fell short, of the forecasted revenue of HK\$55.3 million for the year ending 31 March 2022. The Company also confirmed at the Review Hearing that the revenue generated from the IP Automation and Entertainment Business and the Medical Masks Business would not meet the forecasted revenue in FY2022.

Level of Assets

9. As at 30 September 2021, the Company had total assets of HK\$27.2 million, comprising mainly cash and cash equivalents. Based on the above analysis, the operation of these assets did not support a business which is viable and sustainable and of business substance. The Committee considered that the Company did not have sufficient assets to meet Rule 17.26 requirement of the GEM Listing Rules.
10. In light of the above, the Committee considered that the Company failed to maintain a sufficient level of operations and assets as required under Rule 17.26(1) of the GEM Listing Rules to warrant the continued listing of its shares, and therefore decided to uphold the LD Decision.

RIGHT OF REVIEW AND POTENTIAL REVIEW REQUEST OF THE LC DECISION

Under Chapter 4 of the GEM Listing Rules, the Company has the right to have the LC Decision referred to the GEM Listing Review Committee (as defined in the GEM Listing Rules) for review. Any request for review must be served on the Secretary of the GEM Listing Review Committee within seven business days from the date of the LC Decision (i.e., on or before 16 May 2022). Trading in the Company's shares will be suspended from 9:00 a.m. on 17 May 2022 (i.e., after the expiry of seven business days from the date of the LC Decision), unless the Company applies for a review of the LC Decision in accordance with its rights under Chapter 4 of the GEM Listing Rules. Prior to that, trading in the Shares will continue. The Company is in the process of reviewing the LC Decision and is discussing the same internally and with the professional advisers, and will consider whether to lodge a request for the LC Decision to be referred to the Listing Review Committee for review. The Directors would like to remind the Shareholders and potential investors of the Company that (i) the Company may or may not proceed with the review by the Listing Review Committee; and (ii) the outcome of such review, if undertaken, is uncertain. 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 who have any queries about the implications of the LC Decision are advised to obtain appropriate professional advice. 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, 4 May 2022

As at the date of this announcement, the Company's executive Directors are Ms. Ho Chiu Ha Maisy (Chairlady), Mr. Lau Ling Tak, Ms. Man Wing Yee Ginny and Mr. Wang Qiang 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 GEM website (www.hkgem.com) and on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This announcement will also be published on the Company's website (www.unitas.com.hk).