

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

2021



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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

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Tower 1, Admiralty Center

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Admiralty

Hong Kong

LEGAL ADVISER AS TO HONG KONG LAW

ONC Lawyers

19th Floor, Three Exchange Square

8 Connaught Place

Central

Hong Kong

CORPORATE INFORMATION

PRINCIPAL BANKER

Nanyang Commercial Bank Limited
151 Des Voeux Road Central
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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George Town
Grand Cayman KY1-1106
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Services (Cayman) Limited
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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
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COMPANY'S WEBSITE

www.hongdau.com.hk

INVESTOR RELATIONS CONTACT

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STOCK CODE

2195

FINANCIAL HIGHLIGHTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

- Revenue increased by approximately 11.9% to approximately HK\$97.7 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately HK\$87.3 million).
- Gross profit increased by approximately 8.0% to approximately HK\$17.3 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately HK\$16.0 million).
- The Group recorded a profit attributable to equity holders of the Company of approximately HK\$10.6 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately HK\$9.4 million).
- Basic earnings per share was approximately HK1.21 cents for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately HK1.25 cents).
- 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 (six months ended 30 June 2020: HK\$150,000) per ordinary share amounting to HK\$28.8 million to its shareholder. No other dividend has been paid, declared or proposed subsequently during the six months ended 30 June 2021 as the Board resolved not to declare an interim dividend other than those disclosed above.

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 2021, together with the comparative figures for the corresponding period in 2020.

BUSINESS REVIEW

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

During the six months ended 30 June 2021, the Group made synergetic efforts in overcoming the challenges under the outbreak of the Coronavirus disease (“COVID-19”), so that the financial performance for the six months ended 30 June 2021 was under a healthy position. One of the sizeable projects, namely project TG (MBIS), was still in early stage of project progress in the first half of the year. The Directors expect the profit contribution from this sizable project will increase in the second half of the year.

As at 30 June 2021, the Group had a total of 14 contracts (31 December 2020: 15 contracts) on hand (including contracts in progress and contracts yet to be commenced) with an aggregate original contract sum of approximately HK\$568.5 million (31 December 2020: approximately HK\$610.4 million).

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

The outbreak of the COVID-19 in Hong Kong since January 2020 may affect the progress of the projects on hand and business environment in Hong Kong. According to the latest discussions between the major customers, the Group does not expect that the outbreak of COVID-19 will materially affect the progress of the ongoing projects based on the latest market conditions. The Group will closely monitor the development of the pandemic and the Directors consider that the Group would generally be able to discharge the obligations under the existing contracts.

With the growing demand for RMAA works resulted from various mandatory inspection requirement, such as the Mandatory Building Inspection Scheme, revitalisation and redevelopment of ageing buildings, the Directors are confident that the Group will be able to strengthen its market position, increase the market share and capture the growth in the RMAA industry. The Directors will continue to deploy efforts in tendering for RMAA works and seek more business opportunities.

In view of growing emphasis being placed on environmental-friendliness, construction productivity and occupational health and safety, the Group will put emphasis on promoting the use of metal scaffolding systems in coming years in order to minimise safety risks associated with degradation of bamboo in bamboo scaffolding system.

FINANCIAL REVIEW

REVENUE

For the six months ended 30 June 2021, the Group's unaudited consolidated revenue amounted to approximately HK\$97.7 million (six months ended 30 June 2020: approximately HK\$87.3 million). The increase in revenue of approximately 11.9% was mainly attributable to the increase in revenue from five newly awarded projects during the six months ended 30 June 2021 and the increase of the repair and maintenance orders from a customer, which is a public transport company and property developer.

GROSS PROFIT AND GROSS PROFIT MARGIN

For the six months ended 30 June 2021, the gross profit amounted to approximately HK\$17.3 million (six months ended 30 June 2020: approximately HK\$16.0 million), while the gross profit margin was approximately 17.7% (six months ended 30 June 2020: approximately 18.4%). The increase in gross profit of approximately 8.0% was primarily attributable to the increase in revenue as discussed above.

MANAGEMENT DISCUSSION AND ANALYSIS

The slight drop in the gross profit margin was mainly driven by the completion of certain projects on hand in 2020 which were with relatively higher gross profit margin. The Directors consider that, compared to the competitors of the Group, the gross profit margin has been maintained at a stable level during the six months ended 30 June 2021.

OTHER INCOMES AND GAIN

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.

For the six months ended 30 June 2020, the other incomes and gain amounted to approximately HK\$0.6 million, which was the government subsidies received by the Group due to the outbreak of COVID-19, including the anti-epidemic fund received from the Government under the Employment Support Scheme and from the Construction Industry Council.

ADMINISTRATIVE EXPENSES

Administrative expenses primarily comprise staff costs, depreciation, office expenses, audit fee and professional fees. The administrative expenses increased from approximately HK\$3.4 million for the six months ended 30 June 2020 to approximately HK\$4.1 million for the six months ended 30 June 2021, representing an increase of approximately HK\$0.7 million or 20.3%. 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 were approximately HK\$0.2 million for the six months ended 30 June 2021 and approximately HK\$47,000 for the six months ended 30 June 2020. The increase in finance costs of HK\$145,000 was mainly attributable to the increase in interest on bank borrowings, which was primarily driven by the Group's business growth and increasing working capital for sustaining its business operation.

MANAGEMENT DISCUSSION AND ANALYSIS

INCOME TAX EXPENSE

The income tax expense slightly increased from approximately HK\$2.1 million for the six months ended 30 June 2020 to approximately HK\$2.4 million for the six months ended 30 June 2021, representing an increase of approximately 14.2%. Such increase was mainly attributable to the increase in profit before tax as a result of the aforesaid for the six months ended 30 June 2021.

PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

Profit and total comprehensive income for the period increased by approximately 12.9% from approximately HK\$9.4 million for the six months ended 30 June 2020 to approximately HK\$10.6 million for the six months ended 30 June 2021. Excluding the non-recurring listing related expenses and other income and gains, the adjusted profit for the six months ended 30 June 2021 increased to approximately HK\$12.0 million (six months ended 30 June 2020: approximately HK\$11.8 million), representing a slight increase of approximately HK\$0.1 million or 1.1%. Such increase was mainly contributed by the increase in revenue, which was partially offset by the increase in administrative expenses.

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, borrowings and the proceeds from the Listing. As at 30 June 2021, the Group maintained a healthy liquidity position with net current assets balance, a time deposit and cash and bank balances of approximately HK\$144.6 million (31 December 2020: approximately HK\$56.2 million), HK\$50 million (31 December 2020: Nil) and approximately HK\$25.6 million (31 December 2020: approximately HK\$15.6 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

As at 30 June 2021, the Group had no outstanding bank borrowings (31 December 2020: approximately HK\$11.3 million). The bank borrowings as at 31 December 2020 were denominated in Hong Kong dollars.

MANAGEMENT DISCUSSION AND ANALYSIS

GEARING RATIO

The Group's gearing ratio is calculated as bank borrowings divided by the total equity. As at 30 June 2021, the Group's gearing ratio was nil (31 December 2020: approximately 20.9%).

NET DEBT TO EQUITY RATIO

The net debt to equity ratio recorded net cash position as at 30 June 2021 and 31 December 2020.

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 2021, the Group incurred capital expenditures of approximately HK\$1.8 million, primarily due to the purchase of a motor vehicle and the renewal of the tenancy agreement.

CONTINGENT LIABILITIES

Details of the Group's contingent liabilities as at 30 June 2021 are set out in Note 26 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

The bank loans of approximately HK\$11.3 million as at 31 December 2020 are secured by a deed of assignment over the proceeds from a specific contract with a customer and trade receivables of approximately HK\$7.3 million of the Group were subject to the aforesaid assignment and charge arrangement. As at 30 June 2021 and the date of this interim report, all of the Group's bank borrowings have been settled.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section headed “Future Plans and Use of Proceeds” of the Company’s prospectus dated 19 March 2021 (the “Prospectus”), as at the date of this interim report, the Group did not have other plans for material investments and capital assets.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2021, 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 2021.

FINANCIAL INSTRUMENTS

As at 30 June 2021, 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 2021, the Group had 26 employees (31 December 2020: 25 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. Our 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 27 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 2021.

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 Prospectus, details of which are as outlined below:

Purposes	Intended use of net proceeds HK\$ million	Utilised amount as at 30 June 2021 HK\$ million	Unutilised amount as at 30 June 2021 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	57.5	–	57.5	By December 2022
Meeting working capital requirement and paying certain upfront costs and expenses	25.7	15.8	9.9	By December 2022
Further strengthening our manpower	7.5	0.2	7.3	By December 2022
Total	90.7	16.0	74.7	

As at the date of this interim report, there was no change for the intended use of Net Proceeds as disclosed in the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

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 (six months ended 30 June 2020:HK\$150,000) per ordinary share amounting to HK\$28.8 million to its shareholder which were settled through the current account with a director. Other than the abovementioned, no dividend has been paid, declared or proposed subsequently during the six months ended 30 June 2021 as the Board resolved not to declare an interim dividend other than those disclosed above.

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 period from 31 March 2021 (the "Listing Date") to the date of this interim report, 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 since the Listing Date and up to the date of this interim report.

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 since the Listing Date and up to the date of this interim report.

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 2021 or at any time during the six months ended 30 June 2021.

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 2021, 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	750,000,000	75%

Note: 750,000,000 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 75% 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 75% by Harvest Land. Harvest Land is beneficially owned as to 100% by Mr. Yeung.

Save as disclosed above, as at 30 June 2021, 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 2021, 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	750,000,000	75%
Mr. Yeung (Note 1)	Interest in controlled corporation	750,000,000	75%
Ms. Yu So Yin (Note 2)	Interest of spouse	750,000,000	75%

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 75% 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 2021, 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 since its adoption date and up to the date of this interim report. 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 2021.

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 since the Listing Date 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 since the Listing Date 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 2021 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 from the Listing Date 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 2021 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 and the Stock Exchange’s website at www.hkexnews.hk. This interim report of the Company for the six months ended 30 June 2021 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, 25 August 2021

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

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	6	97,694	87,308
Cost of services		(80,379)	(71,278)
Gross profit		17,315	16,030
Other incomes and gain	7	817	610
Administrative expenses		(4,101)	(3,408)
Loss allowances on trade receivables and contract assets		1,326	1,350
Listing expenses		(2,186)	(3,065)
Finance costs	8	(192)	(47)
Profit before income tax	9	12,979	11,470
Income tax expense	10	(2,398)	(2,100)
Profit and total comprehensive income for the period		10,581	9,370
Profit attributable to equity holders of the Company		10,581	9,370
Earnings per share attributable to equity holders of the Company			
Basic and diluted	12	HK1.21 cents	HK1.25 cents

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	1,691	130
Deferred tax assets	23	745	648
Total non-current assets		2,436	778
Current assets			
Trade receivables	14	112,734	152,073
Contract assets	15	34,978	33,585
Deposits, prepayments and other receivables	16	6,699	8,700
Amount due from a director	17	–	28,899
Tax recoverable		2,250	600
Time deposit	18	50,000	–
Cash and bank balances	19	25,590	15,604
Total current assets		232,251	239,461
Current liabilities			
Trade payables	20	55,215	108,859
Accrued liabilities and other payables	21	11,425	47,653
Lease liabilities	24	342	72
Tax payable		20,704	18,207
Bank borrowings	22	–	8,463
Total current liabilities		87,686	183,254
Net current assets		144,565	56,207
Total assets less current liabilities		147,001	56,985
Non-current liabilities			
Bank borrowings	22	–	2,870
NET ASSETS		147,001	54,115

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		30 June 2021	31 December 2020
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	25	10,000	–
Reserves		137,001	54,115
TOTAL EQUITY		147,001	54,115

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Attributable to equity holders of the Company			
		Share capital	Share premium (note i)	Retained earnings	Total equity
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021 (audited)		–	–*	54,115*	54,115
Issue of shares pursuant to the Listing of the Company	25(iii)	2,500	137,500	–	140,000
Capitalisation Issue of shares	25(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
At 1 January 2020 (audited)		–	–	31,378	31,378
Dividend	11	–	–	(15,000)	(15,000)
Profit for the period and total comprehensive income for the period		–	–	9,370	9,370
At 30 June 2020 (unaudited)		–	–	25,748	25,748

* 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.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities		(38,570)	12,616
Cash flows from investing activities			
Interest received		2	–
Purchase of property, plant and equipment		(926)	(2)
Placement of a time deposit		(50,000)	–
Advance to a director		–	(22,029)
Net cash used in investing activities		(50,924)	(22,031)
Cash flows from financing activities			
Proceeds from bank borrowings		10,200	6,800
Repayments of bank borrowings		(21,533)	(2,000)
Payments of lease liabilities		(106)	(216)
Proceeds from issue of new shares	25(iii)	140,000	–
Payment of Share issue expenses		(28,895)	–
Interest paid		(186)	(36)
Net cash generated from financing activities		99,480	4,548
Net increase/(decrease) in cash and cash equivalents		9,986	(4,867)
Cash and cash equivalents at beginning of the period		15,604	9,882
Cash and cash equivalents at end of the period, representing cash and bank balances		25,590	5,015

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 2020.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 2020, 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 2020, except for the adoption of amendments to HKFRSs effective as of 1 January 2021. 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 2021. These applications do not have a material impact on the condensed consolidated interim financial statements of the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

4. ISSUED BUT NOT YET EFFECTIVE HKFRSs

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

Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 17	Insurance Contracts ²
Amendments to AG 5 (revised)	Merger Accounting for Common Control Combinations ¹
Amendments to HKFRS Standards	Annual Improvements to HKFRS Standards 2018–2020 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds Before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
HK Int 5 (2020)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ No mandatory effective date yet determined but is available for early adoption

The directors of the Company anticipate that the adoption of the above new and amendments to HKFRSs will have no material impact on the financial statements of the Group in the future.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	26,556	28,812
Customer B	23,735	19,165
Customer C	18,834	10,289

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Type of contract nature		
Project-based		
— Subcontractor	69,436	75,770
— Main contractor	11,442	1,601
Term-contract based	16,816	9,937
	97,694	87,308
Type of developments		
Residential	60,269	35,869
Commercial and industrial	37,425	51,439
	97,694	87,308

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 2021

7. OTHER INCOMES AND GAIN

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	435	–
Government subsidies (note 1)	–	610
Reimbursement of litigation costs and disbursement (note 2)	380	–
Bank interest income	2	–
	817	610

Notes:

1. 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.
2. 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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	186	36
Interest on lease liabilities	6	11
	192	47

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

9. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Employee benefit expenses (including directors' remuneration):		
— Directors' fee	120	—
— Salaries, allowances and other benefits	3,806	3,137
— Contributions to retirement benefits schemes	134	126
Total employee benefit expenses	4,060	3,263
Depreciation of property, plant and equipment	214	427

The employee benefit expenses included in cost of services were HK\$2,055,000 (six months ended 30 June 2020: HK\$1,744,000) for the six months ended 30 June 2021.

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 2021

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 on 27 March 2020.

In February 2021, the IRD issued additional assessments demanding additional profits tax of HK\$1,650,000 for the year of assessment 2014/15 to HDC and HK\$165,000 for the year of assessment 2014/15 to Hong Dau Construction & Engineering Co. Limited (“HDE”). The Group filed objections to the IRD in respect of the aforesaid assessments on 17 February 2021 and 24 February 2021 for HDC and HDE, respectively. In relation to HDE, an unconditional holdover of an amount of HK\$165,000 was granted by the IRD on 12 March 2021. In relation to HDC, as no part of the tax has been held over by the IRD, the Group has made a payment of HK\$1,650,000 to the IRD on 29 March 2021 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 2021

11. DIVIDENDS

During the period from 1 January 2021 to 29 March 2021, the Company declared interim dividends of HK\$288,000 (six months ended 30 June 2020: HK\$150,000) per ordinary share amounting to HK\$28,800,000 to its shareholder which were settled through the current account with a director. Other than the above, no dividend has been paid or declared by other companies comprising the Group for the six months ended 30 June 2021.

12. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2021 and 2020 is based on the profit for the period attributable to ordinary equity holders of the Company of approximately HK\$10,581,000 (six months ended 30 June 2020: approximately HK\$9,370,000), and the weighted average number of ordinary shares of 876,389,000 (six months ended 30 June 2020: 750,000,000) in issue during the six months ended 30 June 2021.

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 25(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.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the six months ended 30 June 2020 represented 100 ordinary shares of the Company as at 1 January 2020, 749,999,900 ordinary shares of the Company issued under the Capitalisation Issue, as if these additional shares issued under the Capitalisation Issue had been in issue throughout the six months ended 30 June 2020.

No adjustment has been made to the basic earnings per share presented for the six months ended 30 June 2021 and 2020 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 2021

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired items of plant and machinery with a cost of approximately HK\$1.8 million (six months ended 30 June 2020: HK\$2,000). Items of plant and machinery with zero net book value were disposed of during the six months ended 30 June 2021, resulting in a gain on disposal of approximately HK\$0.4 million (six months ended 30 June 2020: Nil).

14. TRADE RECEIVABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade receivables, gross	116,400	157,108
Less: Loss allowances recognised	(3,666)	(5,035)
	112,734	152,073

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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within one month	15,470	28,307
One to three months	22,531	68,893
More than three months but within one year	69,910	50,246
More than one year	4,823	4,627
	112,734	152,073

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

Included in the Group's trade receivables balance as at 30 June 2021 are debtors with aggregate carrying amounts of approximately HK\$97,264,000 (31 December 2020: approximately HK\$123,779,000), which are past due as at the reporting date. Out of the past due balances, approximately HK\$73,583,000 (31 December 2020: approximately HK\$42,026,000) 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.

As at 31 December 2020, trade receivables of approximately HK\$7,270,000 were subject to assignment and charge arrangement, in which the proceeds from a specific contract with a customer is assigned to a bank to secure the bank loans of the Group (note 22).

15. CONTRACT ASSETS

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Contract assets		
Retention receivables	36,220	34,784
Less: Loss allowances recognised	(1,242)	(1,199)
	34,978	33,585

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 2021

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 2021, the amounts of contract assets that are expected to be recovered after one year are approximately HK\$24,173,000 (31 December 2020: approximately HK\$19,568,000).

16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Rental, utilities and sundry deposits	2,552	2,511
Tax reserve certificate	1,320	1,320
Advances paid to subcontractors	2,827	–
Deferred listing expenses	–	4,840
Other prepayments	–	29
	6,699	8,700

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 2021

17. AMOUNT DUE FROM A DIRECTOR

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Director Mr. Yeung Wing Sun	–	28,899

	Maximum amount outstanding during period ended/year ended	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Director Mr. Yeung Wing Sun	42,729	42,729

The amount due from a director was non-trade nature, unsecured, interest-free and had no fixed terms of repayment.

There was no balance due for repayment but has not been paid and no impairment has been made against the amount due from a director.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

18. TIME DEPOSIT

As at 30 June 2021, the time deposit of approximately HK\$50 million carried interest rates at fixed rates of 0.65% per annum. The due date of the time deposit is on 30 September 2021.

19. CASH AND BANK BALANCES

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

20. TRADE PAYABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade payables	55,215	108,859

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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within one month	8,730	26,334
One to three months	8,382	55,446
More than three months	38,103	27,079
	55,215	108,859

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

21. ACCRUED LIABILITIES AND OTHER PAYABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Retention payables (Note)	10,575	11,063
Other payables and accruals	688	1,333
Accrued contract costs	162	24,831
Accrued listing expenses	–	10,426
	11,425	47,653

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 2021, the retention payables that are expected to be settled after one year are approximately HK\$10,512,000 (31 December 2020: approximately HK\$10,561,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

22. BANK BORROWINGS

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Bank loans:		
Current		
Repayable within one year	–	8,463
Non-current		
Repayable after one year but not exceeding two years	–	1,900
Repayable after two years but not exceeding five years	–	970
	–	2,870
	–	11,333

As at 31 December 2020, the bank loans of approximately HK\$7,533,000 carried interest rates at floating rates of 6% per annum and were secured by personal guarantees executed by the Controlling Shareholder, Mr. Yeung Wing Sun, and his spouse, Ms. Yu So Yin, to the extent of HK\$15,000,000 as at 31 December 2020 and a deed of assignment over the proceeds from a specific contract with a customer and trade receivables of approximately HK\$7,270,000 (note 14) of the Group were subject to the aforesaid assignment and charge arrangement.

As at 31 December 2020, the loan under the SME Financing Guarantee Scheme of HK\$3,800,000 carried interest rate at floating rates of 2.75% per annum and was guaranteed by Hong Kong Mortgage Corporation Insurance Limited and Mr. Yeung Wing Sun to the extent of HK\$3,800,000.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

23. DEFERRED TAX

The following are the major deferred tax assets/(liabilities) recognised and movement during the six months ended 30 June 2021:

	Accelerated tax depreciation HK\$'000	Loss allowances HK\$'000	Total HK\$'000
At 1 January 2020 and 31 December 2020 (audited)	(36)	684	648
Credit to profit or loss	(29)	126	97
At 30 June 2021 (unaudited)	(65)	810	745

As at 30 June 2021, the Group had estimated unused tax losses of HK\$4,000 (31 December 2020: 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.

24. LEASE LIABILITIES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Minimum lease payments due Within one year	342	72
Present value of lease liabilities Within one year	342	72

The total cash outflows for leases including the payments of lease liabilities for the six months ended 30 June 2021 was HK\$106,000 (six months ended 30 June 2020: HK\$216,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

25. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Authorised		
Ordinary shares of HK\$0.01 each		
At 1 January 2020 and		
31 December 2020 (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 2020 and		
31 December 2020 (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, 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 2021

26. 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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Performance bonds for guarantee of completion of projects issued by insurance companies	6,613	6,613

27. SUBSEQUENT EVENTS AND EFFECT OF COVID-19

Since the first confirmed case of the Novel Coronavirus, or known as the COVID-19 in Hong Kong, the directors of the Company have closely monitored the development of the outbreak of COVID-19 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 directors of the Company consider that the COVID-19 event would not have a material financial impact to the Group. However, given the inherent unpredictable nature and rapid development relating to COVID-19, the Group's business might be affected should the situations in Hong Kong deteriorates and the directors of the Company will continue to closely monitor in this regard.