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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 RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

INTERIM RESULTS HIGHLIGHTS

- Revenue increased by approximately 77.3% to approximately HK\$119.1 million for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately HK\$67.2 million).
- Gross loss decrease by approximately HK\$10.4 million to approximately HK\$3.2 million for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately HK\$13.7 million).
- The Group recorded a loss attributable to equity holders of the Company of approximately HK\$15.5 million for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately HK\$19.0 million).
- Basic loss per share was approximately HK1.21 cents for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately HK1.85 cents).
- The Board has resolved not to recommend the declaration of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

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 2025, together with the comparative unaudited figures for the corresponding period in 2024.

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

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		HK\$'000	HK\$'000
	<i>Note</i>	(Unaudited)	(Unaudited)
Revenue	6	119,135	67,200
Cost of services		(122,384)	(80,889)
Gross loss		(3,249)	(13,689)
Other incomes	7	506	1
Administrative expenses		(3,875)	(3,182)
Loss allowances on trade receivables and contract assets		(8,853)	(2,052)
Finance costs	8	(73)	(50)
Loss before income tax	9	(15,544)	(18,972)
Income tax credit/(expense)	10	8	(62)
Loss and total comprehensive expense for the period		(15,536)	(19,034)
Loss attributable to equity holders of the Company		(15,536)	(19,034)
Loss per share attributable to equity holders of the Company			
Basic and diluted	12	(HK1.21 cents)	(HK1.85 cents)

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30 June 2025	31 December 2024
	<i>Note</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	1,024	462
Goodwill	14	64,871	19,470
Total non-current assets		65,895	19,932
Current assets			
Trade receivables	15	80,991	127,278
Contract assets	16	39,554	25,672
Deposits, prepayments and other receivables	17	28,864	33,138
Amount due from a controlling shareholder		65	109
Amount due from a related company		1,494	1,000
Cash and bank balances		9,031	9,680
Total current assets		159,999	196,877
Current liabilities			
Trade payables	18	39,485	69,891
Accrued liabilities and other payables	19	31,510	24,229
Promissory note	20	32,310	–
Bank borrowings		2,885	1,366
Lease liabilities		401	50
Tax payable		679	361
Total current liabilities		107,270	95,897
Net current assets		52,729	100,980
Total assets less current liabilities		118,624	120,912

		30 June 2025	31 December 2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current liabilities			
Lease liabilities		66	—
Deferred tax liabilities		26	34
		<hr/>	<hr/>
Total non-current liabilities		92	34
		<hr/>	<hr/>
NET ASSETS		118,532	120,878
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	14,095	11,746
Reserves		104,437	109,132
		<hr/>	<hr/>
TOTAL EQUITY		118,532	120,878
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NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2025

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 1002, 10/F, Billion Trade Centre, 31 Hung To Road, 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 and distributionship of building materials 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 2024.

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 2024, 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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated interim financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2024.

Application of new and amendments of HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and on the disclosures set out in these condensed consolidated financial statements.

4. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
<i>Annual Improvements to HKFRS Accounting Standards — Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group’s condensed interim consolidated financial statements.

5. OPERATING SEGMENT INFORMATION

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	
	2025 <i>HK\$'000</i> (Unaudited)	2024 <i>HK\$'000</i> (Unaudited)
Customer A	40,024	29,829
Customer B	29,858	30,561
Customer C	24,108	N/A*
Customer D	17,696	N/A*

* The corresponding revenue did not contribute over 10% of total revenue of the Group.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable for the provision of RMAA works and distributorship of building materials provided by the Group to customers. In January 2025, the Group acquired 100% equity interest in Suntec Construction & Engineering Limited (“Suntec”). Suntec is principally engaged in provision of contracting service for RMAA works in Hong Kong.

Disaggregation of Revenue

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
RMAA	118,251	65,958
Distributorship of building materials	884	1,242
	<u>119,135</u>	<u>67,200</u>
Type of contract nature		
Project-based		
— Main contractor	48,400	32,248
— Subcontractor	69,851	33,710
	<u>118,251</u>	<u>65,958</u>
Type of developments		
Residential	77,495	51,221
Commercial and industrial	38,539	11,911
Institutional	2,217	2,826
	<u>118,251</u>	<u>65,958</u>

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.

Revenue from distributorship of building materials arose from sale of building materials in Hong Kong and was recognised when control of goods has transferred, being when the goods are delivered to the customers.

7. OTHER INCOMES

The Group's other incomes recognised are as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	6	1
Non-operating service income (<i>note</i>)	500	–
	506	1

Note: The amount represents the non-operation service income received from provision of water seepage and investigation and testing service to a company that owned by a related party of the Company.

8. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	56	45
Interest on lease liabilities	17	5
	73	50

9. LOSS BEFORE INCOME TAX

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

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Employee benefit expenses (including directors' remuneration):		
— Directors' fee	180	180
— Salaries, allowances and other benefits	3,347	2,757
— Contributions to retirement benefits schemes	110	106
Total employee benefit expenses	3,637	3,043
Depreciation of property, plant and equipment	307	144

The employee benefit expenses included in cost of services were approximately HK\$2,306,000 (six months ended 30 June 2024: approximately HK\$1,996,000) for the six months ended 30 June 2025.

10. INCOME TAX CREDIT/(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%.

11. DIVIDENDS

The Board has resolved not to recommend the declaration of an interim dividend for the six months ended 30 June 2025 and 2024.

12. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Loss attributable to equity holders of the Company (<i>HK\$'000</i>)	<u>15,536</u>	<u>19,034</u>
Weighted average number of ordinary shares	<u>1,285,949,000</u>	<u>1,029,180,000</u>

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group incurred capital expenditure of approximately HK\$15,000 (six months ended 30 June 2024: approximately HK\$0.1 million) to acquire office equipment.

14. GOODWILL

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Arising on acquisition	<u>64,871</u>	<u>19,470</u>

In January 2025, the Group acquired 100% equity interest in Suntec. Goodwill arising from the acquisition amounted to approximately HK\$45,401,000, representing the excess of the consideration paid of HK\$45,700,000 over the fair value of the identifiable net assets of the acquired business, which amounted to approximately HK\$299,000. This valuation was based on (i) a report prepared by an independent valuer, which as of 31 August 2024 appraised the 100% equity interest in Suntec at approximately HK\$45,700,000 using the Guideline Publicly-traded Comparable Method; (ii) the historical financial performance of Suntec for the year ended 31 December 2023 and 2022; and (iii) the prospects of Suntec and the potential synergies between Suntec and the Company as assessed by management.

On 30 April 2024, the Group acquired 100% equity interest in Wonder Group. Goodwill arising from the acquisition amounted to HK\$19,470,000, representing the excess of the consideration paid of HK\$22,000,000 over the fair value of the identifiable net assets of the acquired business, which amounted to HK\$2,530,000. This valuation was based on (i) a report prepared by an independent valuer, which as of 31 December 2023 appraised the 100% equity interest in Wonder Group at approximately HK\$22,000,000 using the Guideline Publicly-traded Comparable Method; (ii) the historical financial performance of Wonder Group for the year ended 31 December 2023; and (iii) the prospects of Wonder Group and the potential synergies between Wonder Group and the Company as assessed by management.

Management assessed the recoverable amount of the cash-generating unit (CGU) based on a value-in-use calculation. Based on this calculation, the recoverable amount of the CGU exceeds the carrying amount of goodwill. Therefore, no impairment loss was recognized for the six months ended 30 June 2025.

15. TRADE RECEIVABLES

	30 June 2025	31 December 2024
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables, gross	118,653	161,018
Less: Loss allowances recognised	(37,662)	(33,740)
	<u>80,991</u>	<u>127,278</u>

The credit terms of the trade receivables are ranged from 30 days 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 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within one month	11,917	30,135
One to three months	4,128	359
More than three months but within one year	2,078	30,091
More than one year	62,868	66,693
	80,991	127,278

16. CONTRACT ASSETS

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

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Contract assets		
— Retention receivables	48,987	29,646
Less: allowances for credit losses	(9,433)	(3,974)
	39,554	25,672

As at 30 June 2025, the amounts of contract assets that are expected to be recovered after one year are approximately HK\$19,126,000 (31 December 2024: approximately HK\$13,404,000).

17. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Rental, utilities and sundry deposits	2,931	2,597
Prepayment of construction costs	23,131	27,782
Other prepayments	259	192
Other receivables	2,543	2,567
	28,864	33,138

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

18. TRADE PAYABLES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Trade payables	39,485	69,891

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 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within one month	9,202	19,859
One to three months	62	9,100
More than three months	30,221	40,932
	39,485	69,891

19. ACCRUED LIABILITIES AND OTHER PAYABLES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Retention payables	11,451	8,823
Other payables and accruals	5,394	3,121
Accrued contract costs	14,667	12,285
	31,512	24,229

As at 30 June 2025, the retention payables that are expected to be settled after one year are approximately HK\$6,362,000 (31 December 2024: approximately HK\$5,738,000).

20. PROMISSORY NOTES

In January 2025, the Group issued promissory notes of fair value of approximately HK\$32.3 million in Hong Kong which is part of consideration to acquire the equity interest in Suntec. The promissory notes are transferable and have a maturity date of two years since issuance and do not carry interest. The Group may redeem all or part of the promissory notes at any time to the maturity date at 100% of the face value of the promissory notes. During the six months ended 30 June 2025, the Group has not repaid any principal.

21. SHARE CAPITAL

In January 2025, the Company issued 234,920,635 ordinary shares which is part of consideration for the acquisition of Suntec. As at 30 June 2025, the Company had 1,409,523,810 ordinary shares in issue with total shareholders' fund of the Group amounting to approximately HK\$14,095,000.

On 30 April 2024, the Company issued 174,603,175 new ordinary shares as the consideration paid for the acquisition of the entire equity interests in Wonder Group. As at 30 June 2024, the Company had 1,174,603,175 ordinary shares in issue with total shareholders' fund of the Group amounting to approximately HK\$11,746,000.

22. ACQUISITION OF SUBSIDIARIES

For the six months ended 30 June 2025

In January 2025, the Group acquired 100% equity interest in Suntec. Suntec is principally engaged in the construction business in Hong Kong. The acquisition has been accounted for as acquisition business using the acquisition method.

Consideration transferred

	<i>HK\$'000</i> (Unaudited)
Consideration shares issued (<i>Note</i>)	<u>45,700</u>

Note: For settlement of consideration of the Group's acquisition of Suntec, the Company issued 234,920,635 ordinary shares with the market price of HK\$0.057 per share and issue the promissory note with the principal amount of approximately HK\$32.3 million in January 2025.

Acquisition-related costs amounting to approximately HK\$0.8 million have been excluded from consideration transferred and have been recognised as an expense, within the "administrative expenses" line item in the unaudited consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition

	<i>HK\$'000</i> (Unaudited)
Property, plant and equipment	793
Trade receivables	2,976
Contract assets	7,487
Deposits, prepayments and other receivables	868
Cash and bank balance	42
Trade payables	(3,354)
Accrued liabilities and other payables	(4,427)
Lease liabilities	(627)
Bank borrowing	(3,115)
Tax payables	(344)
	<hr/>
Net assets acquired	299
	<hr/>
Goodwill arising on acquisition:	
Consideration transferred	45,700
Less: recognised amounts of net assets acquired	(299)
	<hr/>
	45,401
	<hr/>

Goodwill arose on the acquisition because the acquisition included the assembled workforce and some potential contracts with customers as at the date of the acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisition is expected to be deductible for tax purposes.

Net cash inflow on acquisition

	<i>HK\$'000</i> (Unaudited)
Cash and cash equivalents balances acquired	42
	<hr/>

Impact of acquisition on the results of the Group

Included in the loss for period is approximately HK\$1.8 million attributable to the additional business generated by Suntec. Revenue for the period includes approximately HK\$21.7 million generated from Suntec.

For the six months ended 30 June 2024

On 30 April 2024, the Group acquired 100% equity interest in Wonder Group. Wonder Group is principally engaged in provision of contracting service for RMAA works in Hong Kong and in distributorship of building materials in Hong Kong. The acquisition has been accounted for as acquisition business using the acquisition method.

Consideration transferred

	<i>HK\$'000</i> (Unaudited)
Consideration shares issued (<i>Note</i>)	22,000

Note: For settlement of consideration of the Group's acquisition of Wonder Group, the Company issued 174,603,175 ordinary shares with the market price of HK\$0.126 per share on 30 April 2024.

Acquisition-related costs amounting to approximately HK\$0.3 million have been excluded from consideration transferred and have been recognised as an expense in the current period, within the "administrative expenses" line item in the unaudited consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition

	<i>HK\$'000</i> (Unaudited)
Property, plant and equipment	27
Trade receivables	628
Deposits, prepayments and other receivables	2,716
Cash and bank balance	319
Accrued liabilities and other payables	(958)
Tax payables	(202)
Net assets acquired	2,530
Goodwill arising on acquisition:	
Consideration transferred	22,000
Less: recognised amounts of net assets acquired	(2,530)
	19,470

Goodwill arose on the acquisition because the acquisition included the assembled workforce and some potential contracts with customers as at the date of the acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisition is expected to be deductible for tax purposes.

Net cash inflow on acquisition

	<i>HK\$'000</i> (Unaudited)
Cash and cash equivalents balances acquired	<u>319</u>

Impact of acquisition on the results of the Group

Included in the loss for period is approximately HK\$0.1 million attributable to the additional business generated by Wonder Group. Revenue for the period includes approximately HK\$1.2 million generated from Wonder Group. Had the acquisition of Wonder Group been completed on 1 January 2024, revenue for the period of the Wonder Group would have been approximately HK\$2.7 million, and profit for the period of the Wonder Group would have been approximately HK\$0.4 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results. In determining the 'pro-forma' revenue and profit of the Group had Wonder Group been acquired at the beginning of the current year, the directors of the Company calculated depreciation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the date of the acquisition.

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.

The Group’s revenue increased by approximately HK\$51.9 million or 77.3%, from approximately HK\$67.2 million for the six months ended 30 June 2024 to approximately HK\$119.1 million for the six months ended 30 June 2025. The Group delivered revenue growth by acquiring two construction companies, expanding its project pipeline and customers base across more diversified portfolio of projects. Thanks to the effort of the project teams, the Group has increased the number of commercial and industrial projects. Such commercial and industrial projects have contributed more stable profit stream to the Group. During the six months ended 30 June 2025, the revenue was mainly contributed by the following projects, (i) the private residential project located in Kennedy Town, (ii) the projects from a large transportation organization, (iii) two private residential projects located in Tuen Mun and (iv) an industrial center project located in Kwai Chung.

Gross loss margin improved as the Group prices more prudently, reducing the risk of cost overruns. Tightened project oversight and stricter quality controls have been implemented to protect margins, while a shift toward lower risk projects has been pursued to secure steady workloads. This combination of disciplined bidding, better governance, and a safer project mix underpins ongoing profitability improvements.

As at 30 June 2025, the Group has 19 projects (31 December 2024: 9 projects) on hand.

Prospects

The Group is actively supporting its mission to explore and capture more business opportunities. To achieve this, the Group adopts a strategic approach of exploring potential merger & acquisition of other construction companies. This expansion strategy allows the Group to pool resources, expertise, and project portfolios, enabling more efficient and comprehensive service delivery across different sectors. By integrating companies, the Group maximizes the use of its assets, reduces redundancies, and enhances overall operational efficiency. Such integrations also broaden the group's market reach and technical capabilities, positioning it to take on larger and more complex projects. Utilizing shared resources across acquired companies encourages innovation and cost savings, helping the group deliver better value to customers. Moreover, the expanded network fosters knowledge exchange and talent development, which improves the quality of construction solutions provided. The Group's continuous investment in integrating other construction companies underlines a commitment to sustainable growth and long-term success.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2025, the Group's unaudited consolidated revenue amounted to approximately HK\$119.1 million (six months ended 30 June 2024: approximately HK\$67.2 million). The increase in revenue of approximately 77.3% was mainly attributable to the acquisition of Wonder Group and Suntec which contributed revenue from their existing contracts.

Gross Loss and Gross Loss Margin

For the six months ended 30 June 2025, the gross loss amounted to approximately HK\$3.2 million (six months ended 30 June 2024: approximately HK\$13.7 million) and the gross loss margin was approximately 2.7% (six months ended 30 June 2024: approximately 20.4%). The gross loss was caused by the postponement and cost overrun of existing construction project. The budget cost overrun occurred due to the client's elevated standards for deliverables.

Other Incomes

For the six months ended 30 June 2025, the other incomes amounted to approximately HK\$0.5 million (six months ended 30 June 2024: approximately HK\$1,000), which included the bank interest income of approximately HK\$6,000 (six months ended 30 June 2024: approximately HK\$1,000) and the non-operating service income received from provision of water seepage investigation and testing service of approximately HK\$0.5 million (six months ended 30 June 2024: nil).

Administrative Expenses

Administrative expenses primarily comprise staff costs, depreciation, office expenses, audit fee and professional fees. The administrative expenses increased from approximately HK\$3.2 million for the six months ended 30 June 2024 to approximately HK\$3.9 million for the six months ended 30 June 2025, representing an increase of approximately HK\$0.7 million or 21.8%. Such increase was mainly attributed to the expansion the group by the acquisitions and thus the increase in overhead expenses.

Finance Costs

The Group's finance costs amounted to approximately HK\$73,000 (six months ended 30 June 2024: approximately HK\$50,000) for the six months ended 30 June 2025. The increase in finance costs was attributed to the increase in interest on bank borrowing.

Income Tax Credit/(Expense)

The amount changed from the income tax expense of approximately HK\$62,000 for the six months ended 30 June 2024 to the income tax credit of approximately HK\$8,000 for the six months ended 30 June 2025 due to the change of deferred tax liabilities.

Loss and Total Comprehensive Expense for the Period

The loss and total comprehensive expense for the period decreased from approximately HK\$19.0 million for the six months ended 30 June 2024 to approximately HK\$15.5 million for the six months ended 30 June 2025, representing a decrease of approximately HK\$3.5 million or 18.4%. Such decrease was mainly contributed by the improvement in gross loss margin partially offset by the increase in loss allowances on trade receivables and contract assets. The net loss margin was approximately 13.0% for the six months ended 30 June 2025 and approximately 28.3% for the six months ended 30 June 2024, respectively.

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, the proceeds from the listing of the ordinary shares of the Company (the “**Share(s)**”), bank borrowing and promissory note. As at 30 June 2025, the Group maintained a healthy liquidity position with net current assets balance, cash and bank balances of approximately HK\$52.7 million (31 December 2024: approximately HK\$101.0 million) and approximately HK\$9.0 million (31 December 2024: approximately HK\$9.7 million), respectively. The cash and bank balances were denominated in Hong Kong dollars. The Shares were listed on Main Board of the Stock Exchange on 31 March 2021 (the “**Listing**”). As at 30 June 2025, the capital structure of the Company comprised mainly issued share capital and reserves. The Group also deployed bank borrowing and promissory note as its financial resources.

Bank Borrowing and Promissory Note

Bank borrowing as at 30 June 2025 amounted to approximately HK\$2.9 million (31 December 2024: approximately HK\$1.4 million). The bank borrowings were denominated in Hong Kong dollars and bear interest at floating rates.

In January 2025, the Group issued unsecured interest-free promissory note amounting to approximately HK\$32.3 million to acquire equity interest of Suntec.

Gearing Ratio

The gearing ratio is calculated as bank borrowings and promissory note divided by the total equity. The Group’s gearing ratio was 29.7% and 1.1% as at 30 June 2025 and 31 December 2024, respectively. Such increase was caused by the issue of promissory note during the six months ended 30 June 2025.

Net Debt to Equity Ratio

Net debt to equity ratio is calculated as net debts (i.e. bank borrowing and promissory note, net of cash and cash equivalents) divided by the total equity. The net debt to equity ratio was approximately 22.1% as at 30 June 2025, which was because the Group issued the promissory note during the six months ended 30 June 2025.

The net debt to equity ratio recorded net cash position as at 31 December 2024.

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 2025, the Group incurred capital expenditures of approximately HK\$15,000 (six months ended 30 June 2024: approximately HK\$0.1 million) to acquire the office equipments.

CONTINGENT LIABILITIES

In the ordinary course of the Group's business, the Group has been subject to a number of claims of 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 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Performance bonds for guarantee of completion of projects issued by insurance companies	6,613	6,613

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 2025.

SUBSEQUENT EVENTS

On 6 August 2025, Silver Crest Global Limited, a wholly-owned subsidiary of the Company (“**the Purchaser**”), entered into the Sale and Purchase Agreement with an independent third party, as the vendor and Newco Construction Engineering Limited (the “**Target Company**”), a company incorporated in Hong Kong with limited liability, pursuant to which the Purchaser has conditionally agreed to acquire and the vendor has conditionally agreed to sell the 100% equity interest in the Target Company, for a consideration of HK\$35,000,000, which shall be satisfied by way of allotment and issue of the 281,904,762 Shares at the issue price of HK\$0.0385 per Shares by the Company to the vendor and the issue of promissory note in the principal amount of HK\$24,146,666.66 by the Company and the Purchaser. Details of the above transactions are set out in the announcement of the Company dated 6 August 2025.

Save as disclosed above, there was no other 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 2025 and up to the date of this announcement.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

References are made to the announcements of the Company dated 22 October 2024 and 24 December 2024 and the circular of the Company dated 11 December 2024.

On 22 October 2024, Keybase Assets Limited, a directly wholly-owned subsidiary of the Company (“**Keybase**”), entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Mr. Yau Chung Chor, an Independent Third Party (the “**Vendors**”), pursuant to which Keybase conditionally agreed to acquire, and the Vendors conditionally agreed to sell the entire issued share capital of Suntec (the “**Sale Shares**”), at a consideration of HK\$45,700,000 (the “**Consideration**”), which shall be settled (a) as to HK \$13,390,476.19 by the issue and allotment of the 234,920,635 consideration shares of the Company (the “**Consideration Share(s)**”) to the Vendors at the issue price of HK\$0.057 per Consideration Share and (b) as to the remaining balance of HK\$32,309,523.81 by the issue of the promissory notes (the “**Promissory Notes**”) in the principal amounts by Keybase to the Vendors (the “**Acquisition**”). Suntec is a company incorporated in Hong Kong with limited liability and is principally engaged in the construction business. In January 2025, the Company issued (a) the 234,920,635 Consideration Shares to the Vendors, representing approximately 16.67% of the enlarged issued share capital of the Company immediately after the allotment and issuance of the Consideration Shares, and (b) the Promissory Notes to the Vendors.

Saved as disclosed above, there were no other material acquisitions or disposals of subsidiaries and associated companies and joint ventures during the six months ended 30 June 2025.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had 18 employees (31 December 2024: 17 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.

DIVIDEND

The Board has resolved not to recommend the declaration of an interim dividend for the six months ended 30 June 2025 and 2024.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at the 30 June 2025, the Group did not have other plans for material investments and capital assets.

USE OF PROCEEDS

The amount of gross proceeds from the Listing is HK\$140 million and the amount of net proceeds from the Listing was approximately HK\$90.7 million after deducting underwriting commissions and the finalised expenses relating to the Listing (the “**Net Proceeds**”).

The Net Proceeds 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, the announcement of the Company headed “Change in Use of Proceeds” dated 29 April 2022 and the announcement of the Company headed “Further Change in Use of Proceeds” dated 6 June 2023, details of which are outlined below:

Purposes	Original intended use of Net Proceeds <i>HK\$ million</i>	Revised intended use of Net Proceeds as at 29 April 2022 <i>HK\$ million</i>	Revised intended use of Net Proceeds as at 6 June 2023 <i>HK\$ million</i>	Utilised amount as at 30 June 2025 <i>HK\$ million</i>	Unutilised amount as at 30 June 2025 <i>HK\$ million</i>	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	9.6	–	–	–	N/A
Meeting working capital requirement and paying certain upfront costs and expenses	25.7	73.6	83.2	83.2	–	N/A
Further strengthening our manpower	7.5	7.5	7.5	7.5	–	N/A
	_____	_____	_____	_____	_____	
Total	<u>90.7</u>	<u>90.7</u>	<u>90.7</u>	<u>90.7</u>	<u>–</u>	

CORPORATE GOVERNANCE CODE

The Group is committed to ensuring high standards of corporate governance and business practices. The Company had adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Listing Rules as its own corporate governance code. Mr. Chan Leung will perform both of the roles as the chairman and the chief executive officer of the Company. This deviates from code provision C.2.1 of the CG Code, which requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board currently comprises an executive Director and three independent non-executive Directors and therefore has a fairly strong independence in its composition, and they meet regularly to discuss issues relating to the operation of the Company in order to provide adequate safeguards to protect the interests of the Company and its Shareholders. In addition, after taking into account the past experience of Mr. Chan Leung, the Board is of the opinion that vesting the roles of the chairman and the chief executive officer of the Company in Mr. Chan Leung helps to facilitate the execution of the Group’s business strategies and enhance the effectiveness of its operation. Hence, the aforesaid deviation is appropriate and in the best interest of the Company at the present stage.

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 C3 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 2025.

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 2025.

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 2025 and up to the date of this announcement. 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 2025 and up to the date of this announcement.

REVIEW OF INTERIM FINANCIAL RESULTS BY AUDIT COMMITTEE

The unaudited interim consolidated financial information of the Group for the six months ended 30 June 2025 and the accounting information given in this interim result announcement 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

This interim results announcement is published on the Company’s website at www.hongdau.com.hk and the Stock Exchange’s website at www.hkexnews.hk. The interim report of the Company for the six months ended 30 June 2025 will 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

Chan Leung

Chairman and Executive Director

Hong Kong, 27 August 2025

As at the date of this announcement, the Board comprises Mr. Chan Leung (Chairman and Chief Executive Officer) as executive Director; and Ms. Chan Mei Wah, Mr. Mak Alexander and Mr. Wu Hak Ping as independent non-executive directors.