THIS CIRCULAR IS IMPORTANT AND REQUEST YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **Unity Enterprise Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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)

MAJOR TRANSACTION IN RELATION TO ACQUISITION OF 100% EQUITY INTEREST IN THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE AND THE ISSUE OF PROMISSORY NOTE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held at Unit 1002, 10/F, Billion Trade Centre, 31 Hung To Road, Kwun Tong, Kowloon on 8 January 2025 (Wednesday) at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular for despatch to the Shareholders. Whether or not you intend to attend and/or vote at the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as practicable but in any event by 11:00 a.m. on 6 January 2025 or not later than 48 hours before the time specified for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

12 December 2024

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In this circular, unless otherwise defined, the following expressions have the following meanings:

"Acquisition"	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
"Breakeven Guarantee"	the breakeven guarantee provided by the Vendor to the Purchaser in relation to actual consolidated net profit after tax excluding all extraordinary items of the Target Company for each of the two years ending 31 December 2028
"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	any day (other than a Saturday or a Sunday or public holiday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
"Company"	Unity Enterprise Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"Completion"	the completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
"Conditions Precedent"	the conditions precedent to the Completion, as more particularly set out under the paragraph headed "The Sale and Purchase Agreement — Conditions Precedent" in the "Letter From the Board"
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration of HK$45,700,000 for the Acquisition
"Consideration Shares"	an aggregate of up to 234,920,635 new Shares to be allotted and issued by the Company to the Vendor credited as fully paid for the purpose of the settlement of part of the Consideration
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company

"EGM"	an extraordinary general meeting of the Company to be held on 8 January 2025 (Wednesday) at 11:00 a.m. at Unit 1002, 10/F, Billion Trade Centre, 31 Hung To Road, Kwun Tong, Kowloon to approve, among other things, the Sale and Purchase Agreement and the transaction contemplated thereunder
"General Mandate"	the mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 21 June 2024 to issue, allot and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Valuer"	Valtech Valuation Advisory Limited, an independent property valuer
"Independent Shareholders"	Shareholders who have no material interest in, and are not required to abstain from voting at the EGM to approve, the Sale and Purchase Agreement and the transaction contemplated thereunder
"Independent Third Party(ies)"	person(s) or company(ies) and whose ultimate beneficial owner who/which is/are independent of the Directors, chief executive and substantial shareholders of the Company and its subsidiaries and any of their respective associates as defined in the Listing Rules
"Latest Practicable Date"	9 December 2024, being the latest practicable date for the purpose of ascertaining certain information contained therein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Long Stop Date"	31 December 2024, or such other date(s) as may be agreed in writing by the Vendor and the Purchaser, being the latest date on which the Conditions Precedent must be satisfied or waived (as the case may be)

"Profit Guarantee"	the profit guarantee provided by the Vendor to the Purchaser in relation to the actual consolidated net profit after tax excluding all extraordinary items of the Target Company (including the management fees charged by the Company) for the three years ending 31 December 2026
"Promissory Note"	the promissory note in the principal amount of HK$32,309,523.81 to be issued by the Purchaser in favour of the Vendor to settle part of the consideration under Sale and Purchase Agreement
"Purchaser"	Keybase Assets Limited, a company incorporated in British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
"Sale and Purchase Agreement"	the sale and purchase agreement dated 22 October 2024 entered into among the Purchaser, the Vendor and the Target Company in relation to the Acquisition
"Sale Shares"	200,000 shares of a par value of HK$1 in share capital of the Target Company, representing the entire equity interest in the Target Company
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of HK$0.01 in the capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Target Company"	Suntec Construction & Engineering Limited, a company incorporated in Hong Kong with limited liability
"Valuation Date"	31 August 2024
"Valuation Report"	the report prepared by the Valuer on the indicative fair market valuation of the entire equity interest in the Target Company as at the Valuation Date
"Valuer"	Valtech Valuation Advisory Limited, an independent valuer
"Vendor"	Mr. Yau Chung Chor (邱忠楚), an Independent Third Party
"%"	per cent

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)

Executive Director:
Mr. Chan Leung

Independent non-executive Directors:
Ms. Chan Mei Wah
Mr. Mak Alexander
Mr. Wu Hak Ping

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

Head office and principal place of business in Hong Kong:
Unit 1002, 10/F
Billion Trade Centre
31 Hung To Road
Kwun Tong, Kowloon
Hong Kong

12 December 2024

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO ACQUISITION OF 100% EQUITY INTEREST IN THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE AND THE ISSUE OF PROMISSORY NOTE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Reference is made to the announcement of the Company dated 22 October 2024 regarding the major transaction in relation to acquisition of 100% equity interest in the Target Company involving the issue of Consideration Shares under General Mandate and the issue of Promissory Note.

The purpose of this circular is (i) to provide the Shareholders with further information on the Sales and Purchase Agreement and the transaction thereunder; and (ii) to give the Shareholders a notice of the EGM and other information in accordance with the requirements of the Listing Rules.

SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarised as follows:

Date

22 October 2024 (after trading hours)

Parties

(i) the Vendor;

(ii) the Purchaser; and

(iii) the Target Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

Upon the allotment and issue of the Consideration Shares to the Vendor as settlement of part of the Consideration at Completion, the Vendor will become a Substantial Shareholder and thus a Connected Person.

Subject matter

Pursuant to the Sale and Purchase Agreement and subject to the fulfillment (or wavier where applicable) of the Conditions Precedent, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing the entire equity interest in the Target Company as at the Latest Practicable Date.

Upon Completion, the Group will be interested in 100% of the equity interest of the Target Company. As such, the Target Company will become a wholly-owned subsidiary of the Group and the financial results of the Target Company will be consolidated into the accounts of the Group.

Consideration

Pursuant to the Sale and Purchase Agreement, the total Consideration for the Acquisition of HK$45,700,000 shall be satisfied by way of (i) the allotment and issue of 234,920,635 Consideration Shares at the issue price of HK$0.057 per Consideration Share, representing the total value of approximately HK$13,390,476.19 and (ii) the issue of the Promissory Note with the principal amount of HK$32,309,523.81 by the Company and the Purchaser, respectively to the Vendor or its nominee(s) on Completion or any other dates as the parties otherwise agree in writing.

Basis of Consideration

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser and was determined with reference to the (i) Valuation Report which provides that, as at the Valuation Date, the appraised value of 100% equity interest in the Target Company on the basis of the approach of Guideline Publicly-traded Comparable Method (i.e. by comparing the valuations of companies listed on the Stock Exchange engaged in the provision of repair, maintenance, alteration and addition and related works in Hong Kong) was approximately HK$45,700,000, which was confirmed by both the Board and the Valuer that there were no material issues which may lead to a material changes to the Valuation between the Valuation Date and the Latest Practicable Date; (ii) historical financial performance of the Target Company for the two years ended 31 December 2022 and 2023; and (iii) the prospect of the Target Company and the potential synergies between the Target Company and the Company as assessed by the Company, further details of which are set out in the section headed "Reasons for and benefits of the Acquisition".

Having considered the aforesaid factors, the Board considered that the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Consideration Shares

The issue price of each Consideration Share is HK$0.057, which represents:

(i) a discount of approximately 23.0% to the closing price of HK$0.074 per Share as quoted on the Stock Exchange on 22 October 2024, being the date of the Sale and Purchase Agreement;

(ii) a discount of approximately 16.2% to the average closing price of HK$0.068 per Share as quoted on the Stock Exchange for the five (5) trading days immediately prior to the date of the Sale and Purchase Agreement; and

(iii) a discount of approximately 36.0% to the average closing price of HK$0.089 per Share as quoted on the Stock Exchange for the 20 trading days immediately prior to the date of the Sale and Purchase Agreement.

The issue price was arrived at after arm's length negotiations between the Vendor and the Purchaser to the Sale and Purchase Agreement after taking into account, among others, the prevailing market price of the Shares, the financial performance of the Group and the current market conditions. Given the daily closing price of the Shares showed a downtrend since the beginning of year 2024 with the highest price of HK$0.236 per Share on 8 January 2024 and the lowest price of HK$0.050 on 16 October 2024; (ii) the loss attributable to the owners of the Company was approximately HK$29.4 million and HK$19.3 million for the year ended 31 December 2023 and the six months ended 30 June 2024, respectively; (iii) the Company was not aware of any significant social or economic circumstances which may need to a significant rebound of the demand for the RMAA works in the construction industry, the Directors were of the view that although the issue price of HK$0.057 represented a certain discount against the average closing price per Shares for the five trading days and 20 trading days immediately prior to the date of the Sale and Purchase Agreement to attract the Vendor to accept the acquisition offer, such issue price also represented a 14% premium over the lowest price of HK$0.050 on 16 October 2024, for the interests of the Company and its Shareholders as a whole, being fair and reasonable. The Directors considered that the issue price is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

An aggregate of 234,920,635 Consideration Shares will be allotted and issued to Vendor as set out in the section headed "Consideration" above, which represent approximately 20% of the issued share capital of the Company as at the Latest Practicable Date and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares shall be allotted and issued pursuant to the General Mandate, credited as fully paid, and shall rank *pari passu* in all respects among themselves and with the Shares in issue on the date of such allotment and issue, including the right to receive all dividends and distributions which may be declared, made or paid after the closing and will be issued free and clean of all liens, encumbrances, equities or other third party rights.

The allotment and issue of the Consideration Shares under the General Mandate is within the limit of the General Mandate and is not subject to the approval of the Shareholders.

Application of Listing

An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Consideration Shares.

The Promissory Note

Subject to the terms and conditions of the Sale and Purchase Agreement, the Purchaser shall issue the Promissory Note to the Vendor for settlement of part of the Consideration. The principal terms and conditions of the Promissory Note are as follows:

Issuer:	The Purchaser
Noteholder:	The Vendor
Principal amount:	HK$32,309,523.81
Interest:	Nil
Maturity date:	The second anniversary date of the date of issue of Promissory Note.
Security:	The obligations of the Purchaser under the Promissory Note are unsecured.

Amendments: The terms and conditions of the Promissory Note may be varied, expanded or amended by agreement in writing between the Purchaser and the Vendor.

Transferability: The Promissory Note may be transferred or assigned by the Vendor to any persons (except for Connected Persons of the Company) provided that the Vendor shall serve a prior written notice to Purchaser of not less than ten (10) Business Days.

Early redemption: The Promissory Note may be repaid in whole or in part by Purchaser at its absolute discretion at any time prior to its maturity without premium or penalty by Purchaser giving the Vendor not less than three (3) Business Days' prior written notice specifying the amount to be so prepaid.

Conditions precedent

Completion of the Acquisition shall be conditional upon fulfilment (or where applicable, wavier thereof by the Purchaser) of the following conditions:

(a) the Vendor being the legal and beneficial owner of the Sale Shares free from all Encumbrances and having the capacity and power to sell and assign the Sale Shares to the Purchaser free from all encumbrances at Completion;

(b) the Purchaser is satisfied with the process and results of the due diligence of the Target Company;

(c) all other applicable laws, rules and regulations including but not limiting to the Listing Rules for the transactions contemplated under the Sale and Purchase Agreement shall have been complied with by the Company and the Purchaser;

(d) the approval for the listing of, and permission to deal in the Consideration Shares by the Stock Exchange having been obtained by the Company, and such approval not having been revoked or withdrawn prior to the date of Completion;

(e) the clearance of all announcement(s) and circular(s) (if required) to be issued by the Company under the Listing Rules and granting of all approvals, if necessary, by the Stock Exchange or by Shareholders in respect of the Sale and Purchase Agreement and the transaction contemplated thereunder;

(f) the Vendor shall have provided the Purchaser the management accounts of the Target Company in accordance with the clauses under the Sale and Purchase Agreement;

(g) all necessary consents, licences and approvals and/or waiver required to be obtained and all matters required to be fulfilled in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;

(h) all necessary governmental, regulatory and other third parties' consents, authorizations and approvals required to be obtained in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;

(i) the Purchaser being satisfied with the legal, financial and business position and prospects of the Target Company, from the date of the Sale and Purchase Agreement and up to the date of Completion;

(j) the Purchaser being satisfied with all the warranties, representations and undertakings given by the Vendor under the Sale and Purchase Agreement being and remaining true, accurate, correct and not misleading in all material respects and no relevant information being withheld, from the date of the Sale and Purchase Agreement until and up to Completion;

(k) the Purchaser being satisfied with the compliance with and performance of all undertakings and obligations of the undertakings by the Vendor, from the date of the Sale and Purchase Agreement until and up to Completion;

(l) the Purchaser being satisfied with all the warranties, representations and undertakings given by the Vendors under the Sale and Purchase Agreement being true, accurate, correct and not misleading in all material respects and no relevant information being withheld, from the date of the Sale and Purchase Agreement until and up to Completion;

(m) the Purchaser being satisfied with the compliance with and performance of all undertakings and obligations of the undertakings by the Vendor, from the date of the Sale and Purchase Agreement until and up to Completion; and

(n) upon request(s), the Purchaser being provided with any proofs or documentations in respect of the fulfilment of any/all of the conditions precedent above.

Save as Conditions Precedent (c), (d) and (h), the Purchaser is entitled to waive in whole or in part any of the Conditions Precedent by written notice. In the event that any of the Conditions Precedents are deemed not to have been fulfilled or are not fulfilled or waived (if applicable), in each case, at or before 1:00 p.m. on the Long Stop Date, the Sale and Purchase Agreement and everything contained in it shall terminate and be null and void and of no further effect and no party to the Sale and Purchase Agreement shall have any liability to any other party, save in respect of any prior breaches of the Sale and Purchase Agreement.

As at the Latest Practicable Date, as confirmed by the Directors, the Conditions Precedent (a), (b) and (f) have been fulfilled.

Completion

After the fulfilment or waiver (if applicable) of all the Conditions Precedent, Completion shall take place on the Completion Date. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and therefore, the financial information of the Target Company will be consolidated into the consolidated financial statements of the Group.

Profit Guarantee

Pursuant to the Sale and Purchase Agreement, the Vendor warrants and undertakes to the Purchaser that the audited consolidated net profit after tax excluding all extraordinary items of the Target Company (including the management fees charged by the Company) (the "**First Batch Actual Net Profit**") for the three years ending 31 December 2026, as derived in its respective audited financial statements shall not be less than HK$15 million in aggregate ("**Guaranteed Profit**").

The management fees, if any, are expected to be accrued from the provision of project management services by the Company to the Target Company, which would be added back together with the net profit after tax of the Target Company before assessing the Guaranteed Profit, given after the negotiation with the Vendor, the Board is of the view that such fees could be considered as inter-group costs and it is not reasonable to place such management fees as burden on the Target Company.

If the First Batch Actual Net Profit in aggregate for the three years ending 31 December 2026 is less than the Guaranteed Profit in aggregate for the three years ending 31 December 2026, the Vendor shall be obliged to pay to the Purchaser in cash an amount equivalent to three (3) times the shortfall between the First Batch Actual Net Profit and the Guaranteed Profit ("**Profit Difference Compensation**"), within 14 days after the issuance of the Target Company's audited financial statements for the three years ending 31 December 2026 to the Purchaser, which are expected to be issued on or before 30 June 2027.

The Profit Difference Compensation is capped at the amount of the Consideration, which is HK$45,700,000.

The Guaranteed Profit was determined on arms' length negotiation between the Vendor and the Company, and after taking into account that (i) the historical financial performance of the Target Company during the year ended 31 December 2023 and the comparison of the net profit of the Target Company between the six months ended 30 June 2023 and the six months ended 30 June 2024 which showed the stable uptrend of the Target Company's financial performance; (ii) the synergies of the Enlarged Group which will enable the Target Company to seize more business opportunities for its principal businesses; (iii) the mechanism of such Profit Guarantee is an additional protection measure for the Company and its Shareholders after the Completion; and (iv) the reasons and benefits as set out under the section "REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT" below. In light of such consideration, the Board is of the view that such Guaranteed Profit is achievable, fair and reasonable.

Breakeven Guarantee

Pursuant to the Sale and Purchase Agreement, the Vendor warrants and undertakes to the Purchaser that the audited consolidated net profit after tax excluding all extraordinary items of the Target Company (the "**Second Batch Actual Net Profit**") for each of the two years ending 31 December 2027 and 31 December 2028, as derived in its respective audited financial statements shall not be less than zero. The Breakeven Guarantee will be assessed for the separate year. That is to say, if the audited consolidated net profit after tax excluding all extraordinary items of the Target Company for the year ended 31 December 2027 or for the year ended 31 December 2028 is less than zero, the Vendor shall be obliged to pay to the Purchaser in cash an amount equivalent to the absolute amount of loss ("**Breakeven Compensation**") for the corresponding year. The Breakeven Guarantee will be assessed in one time within 14 days after the issuance of the Target Company's respective audited financial statements for each of the two years ending 31 December 2028 to the Purchaser, which are expected to be issued on or before 30 June 2029.

The Breakeven Guarantee was assessed based on the financial performance of the Target Company for the fourth and fifth year after Completion, for the purpose of motivating the Target Company to retain the businesses as viable and sustainable, and also acting as a breakeven shield for the Company and its Shareholders as a further protection measure.

If, in any event that the Vendor failed to fulfill its obligation under his undertakings for either the Profit Guarantee or Breakeven Guarantee, the Company will (i) negotiate with the Vendor for the repurchase of the Sale Shares by the Vendor; or (ii) engage the solicitors to act on behalf of the Company to issue demand letter to the Vendor for the corresponding repayment under prescribed period. If there was still no responses from the Vendor, the Company will consider to commence legal proceedings for the purpose of protection of the interests of the Company and its Shareholders as a whole.

VALUATION OF THE TARGET COMPANY

The Company has engaged Valtech Valuation Advisory Limited to carry out valuation ("**Valuation**") of the entire equity interest of the Target Company, which was appraised to be at approximately HK$45,700,000 on the Valuation Date in accordance with the Guideline Publicly-traded Comparable method under the market approach as set out in the Valuation Report.

Key Assumptions of the Valuation

Details of the principal assumptions, including commercial assumptions, upon which the Valuation Report was based are as follows:

General assumptions

The Independent Valuer has made certain key assumptions in the Valuation, which, to the Directors' best information and knowledge, are consistent with market practice and information available to the Company, including but not limited to:

1. the current political, legal, commercial and banking regulations, fiscal policies, foreign trade and economic conditions which prevail in the regions in which the Target Company are being operated will have no material adverse change;

2. competent management, key personnel and technical staff will be available to support the ongoing operation of the Target Company;

3. all relevant legal approvals, business certificates, trade permits have been procured, in place and in good standing prior to commencement of operations by the Target Company under the ordinary and normal course of business; and

4. the information regarding the Target Company provided is true and accurate.

Assessment of Key Specific Assumptions

Valuation methodology

In the Valuation, after comparing the common valuation methods including cost approach, income approach and market approach, the Independent Valuer adopted the Guideline Publicly-traded Comparable method of the market approach for the following reasons:

1. the cost approach was considered unsuitable as the Target Company has commenced its operation since 2000 with track record of earnings in 2023 and 2024 (up to the Valuation Date). Its profiting nature and unique background make it not easily be replaced or reproduced by other market participants;

2. the income approach was considered unsuitable as income projection would generally take into account various management assumptions (e.g. synergy with existing and/or prospective management, capital expenditure, financing and operating assumptions etc);

3. the market approach was adopted as it reflects the market participants' current assessment without material management assumptions on projections. It is particularly useful to apply to project-based company with high uncertainty on financial projection; and

4. the Independent Valuer, having identified a sufficient pool of 21 relevant and sufficient Guideline Publicly-traded Comparable with sufficient and reliable financial information disclosed, is satisfied that the Guideline Publicly-traded Comparable Method of the market approach could be used to determine the value of the Target Company.

Having considered (i) the rationale of the Independent Valuer in selecting market approach instead of cost approach and income approach as the appropriate valuation approach; and (ii) the Valuation was prepared by the Independent Valuer in accordance with the applicable requirements and standards, the Board is of the view that the adoption of market approach for the Valuation is fair and reasonable.

The Directors also agree with the Independent Valuer that the market approach has the benefits of simplicity, clarity, speed and the need for fewer assumptions, and introduces objectivity in application as publicly available inputs are used.

Market Comparables

In the course of valuing the Target Company pursuant to the Guideline Publicly-traded Comparable Method, the Independent Valuer has taken into account the Price-to-Earnings ("**P/E**") ratio multiple, which is appropriate for evaluating business with track record of profits. The Independent Valuer has further taken into account the valuation adjustments for control premium and discount for lack of marketability.

The Independent Valuer has selected 21 comparable listed companies ("**Comparables**"), which recognised more than 50% of their respective revenue from provision of repair, maintenance, alteration and addition works and related services, and such revenue was generated from Hong Kong market.

Key inputs of the Valuation

The summary statistics of the P/E multiple from the Comparables identified by the Independent Valuer as of as at 31 August 2024 is listed as follows:

No. of valid Comparables 6 [Note]
Upper quartile (P/E Times) 11.97x
Median (P/E Times) 6.79x
Lower quartile (P/E Times) 4.16x

Note: 14 Comparables were excluded due to the recognition of net losses in the most recent published financial period; and 1 Comparable was recorded net losses in preceding financial periods but turned into thin profit in the most recent published financial period, implying a high 14x P/E during its turnaround. To prudently avoid distortion, its P/E multiple was also excluded.

The Independent Valuer, in arriving at the estimated unadjusted valuation, selected a P/E multiple of 6.79 times, being the median of the P/E multiples of the Comparables.

The Directors are of the view that the Comparables identified by the Independent Valuer were sufficient to determine the benchmark multiple. It is fair and reasonable to assess the value of the Target Company with reference to the P/E multiples of the Comparables.

Control Premium and Discount for Lack of Marketability

The Independent Valuer imposed a control premium ("**Control Premium**") on the valuation of the Target Company, since there is a difference between a controlling business interest and those of the minority interests. The Independent Valuer has made reference to the 2024 Factset Review to arrive at a 15.6% Control Premium in the Valuation.

The Independent Valuer imposed a discount for lack of marketability ("**DLOM**") on the valuation of the Target Company, since there is a difference between a privately-owned asset and those of its comparable public companies which is its lack of marketability. The Independent Valuer has made reference to 2023 Edition Stout Restricted Stock Study to arrive at a 15.7% DLOM in the Valuation.

Basis of Valuation and Consideration

The Directors considered the Valuation to be fair and reasonable, having taken into account (i) the use of the median of the P/E multiple (which is less sensitive to outliers than the traditional average rule), 6.79x, of the Comparables to value the Target Company; (ii) the consideration of 15.6% Control Premium and 15.7% DLOM which reflect the necessary business consideration, and have an minimal net effect on valuation after offsetting.

EFFECT OF THE ACQUISITIONS ON THE EARNINGS, ASSETS AND LIABILITIES OF THE COMPANY

Upon Completion, the Target Company will become indirect subsidiary of the Company and the financial results, assets and liabilities of the Target Company will be consolidated in the books and accounts of the Group. The unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular has been prepared to illustrate the financial effect of the Acquisitions.

Effect on assets and liabilities

Based on the unaudited pro forma consolidated statement of financial position of the Enlarged Group as set out in Appendix III to this circular, which is prepared as if the Acquisition had completed on 30 June 2024 to illustrate the effect of the Acquisition, it is expected that the total assets of the Group would increase from approximately HK$190.6 million to approximately HK$247.2 million and the total liabilities of the Group would increase from approximately HK$61.7 million to approximately HK$105.6 million. As the expected increase in total assets is higher than the expected increase in total liabilities, the net assets of the Group would increase from approximately HK$128.8 million to approximately HK$141.5 million.

Effect on earnings

Based on the pro forma consolidated statement of cash flow of the Enlarged Group as set out in Appendix III to this circular, which is prepared as if the Acquisition had completed on 1 January 2024, it is expected that the Acquisition will enable the Group to generate (i) more net cash from operating activities by reducing net cash used in operating activities from approximately HK$47.2 million to approximately HK$43.5 million; (ii) more net cash from investing activities from approximately HK$25.3 million to approximately HK$25.9 million; and (iii) more net cash from financing activities from approximately HK$7.6 million to approximately HK$35.9 million due to the issuance of Promissory Note.

The above analyses are for illustrative purpose only and do not purport to represent how the financial performance and position of the Group would actually be after Completion.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the existing shareholding structure of the Company and the effect of allotment and issue of the Consideration Shares on the shareholding structure of the Company upon Completion is set out as below:

Name of Shareholder	**As at the Latest Practicable Date**		**Immediately after the Completion, the allotment and issue of all Consideration Shares**(1)	
	No. of shares	*Approximate % of number of Shares in issue*	*No. of shares*	*Approximate % of number of Shares in issue*
Harvest Land Company Limited(2)	525,000,000	44.70%	525,000,000	37.25%
Yui Cheung Yung	100,000,000	8.51%	100,000,000	7.09%
Vendor	—	—	234,920,635	16.67%
Public Shareholders	549,603,175	46.79%	549,603,175	38.99%
Total	1,174,603,175	100.00%	1,409,523,810	100.00%

Notes

(1) Assuming no change in total issued share capital of the Company other than allotment and issue of all Consideration Shares.

(2) Harvest Land Company Limited is beneficially owned as to 100% by Mr. Yeung Wing Sun ("**Mr. Yeung**"). Mr. Yeung and Harvest Land Company Limited 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 44.70% of the issued share capital of the Company. Mr. Yeung is deemed to be interested in the Shares held by Harvest Land Company Limited pursuant to the SFO.

Upon the Completion, taking into account the Consideration Shares allotted and issued, there will not be change of control of the Company.

INFORMATION OF THE PARTIES

The Group and the Purchaser

The Group is a contractor specialising in repair, maintenance, alteration and addition ("**RMAA**") works in Hong Kong.

The Purchaser is a direct wholly-owned subsidiary of the Company and is principally engaged in investment holding.

The Vendor

The Vendor is an individual who is principally engaged in the construction business. As at the Latest Practicable Date, the Target Company is wholly-owned by the Vendor.

INFORMATION RELATING TO THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and principally engaged in (i) provision of contracting services for civil engineering and building construction, including but not limited to building renovation works, constructing structural works, drainage works, plumbing works, building services works, roofing and waterproofing works, and interior fit-out works for various types of buildings, such as industrial buildings, office buildings, and residential buildings; and (ii) provision of advising and installation services for electronic vehicle charging system.

The EV Advising and Installing Services provided by the Target Company is the latest form of alteration and addition work to car park infrastructure of the residential properties, in view of the trend of green city. As these limited-scale electromechanical projects are confined to the established real estate properties only, the new business on advising and installing the EV charging system is often reasonably considered a new subset of the RMAA and related services in the latest industry trend.

The Target Company has registered as a Specialist Contractor, an Electrical Contractor and a General Building Contractor which were approved by Building Authority, Electrical and Mechanical Services Department (EMSD), and Building Authority in June 2021, April 2022 and May 2022, respectively. It also possesses various management assurance certifications since 2007 including ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:2007.

As part of the promotional programme for electric vehicles ("**EV**") in Hong Kong, the Hong Kong government has launched a "EV-charging at Home Subsidy Scheme" in 2020 in order to subsidize the installation of EV charging facilities in private residential buildings and created market potentials of EV related E&M services. The Target Company seized this opportunity and commenced the EV charging installation services in 2023.

As at the Latest Practicable Date, the Company does not intend to introduce any major changes to the existing operations or business of the Target Company. It is also the intention of Company that there will not be significant changes in the management and employees of the Target Company after the Completion.

Set out below is the unaudited financial information of the Target Company for the each of two years ended 31 December 2022 and 2023 prepared in accordance with the generally accepted accounting principles in Hong Kong:

	For the year ended 31 December 2022	**For the year ended 31 December 2023**
	(audited)	(audited)
	HK$'000	*HK$'000*
Revenue	37,938	27,457
Net profit (before taxation and extraordinary items)	(2,088)	5,339
Net profit (after taxation and extraordinary items)	(2,088)	5,339

As at 30 June 2024, the unaudited net assets of the Target Company was approximately HK$4.1 million.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

The Group is a contractor specialising in RMAA works in Hong Kong. The Group is currently taking proactive steps to expand its business operations in order to maximise Shareholders' returns.

The Directors are of the view that given the past performance and the reputation of the Target Company in the construction engineering industry in Hong Kong, the Acquisition will enable the Company to enhance its capacity and competitiveness to bid more tenders for larger project size. Further, with more resources being integrated into the Group, the Group is able to step towards the optimization of its business.

The Directors are of the view that the Acquisition is in line with the overall business development strategy of the Group and in the interests of the Company and its Shareholders as a whole.

Based on the above, the Directors considered that although the Acquisition is not in the ordinary course of business of the Group given the nature of the transaction, the terms and conditions of the Sales and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and are entered into on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition to be contemplated under the Sale and Purchase Agreement exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to, amongst others, the announcement and shareholders' approval requirements under the Listing Rules.

EXTRAORDINARY GENERAL MEETING

The EGM will be convened and held by the Company at Unit 1002, 10/F, Billion Trade Centre, 31 Hung To Road, Kwun Tong, Kowloon on Wednesday, 8 January 2025 at 11:00 a.m. for the purpose of considering and if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder. A form of proxy for use at the EGM is enclosed with this circular.

To the best of the knowledge, information and belief of the Directors, no Shareholder has a material interest in the transactions contemplated under the Sale and Purchase Agreement. As such, no Shareholder will be required to abstain from voting on the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. Any vote exercised by the Shareholders at the EGM shall be taken by way of poll.

The notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular.

For those who intend to direct a proxy to attend the EGM, please complete the form of proxy and return the same in accordance with the instructions printed thereon. In order to be valid, the above documents must be delivered to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by 11:00 a.m. on 6 January 2025 or not less than 48 hours before the time appointed for the EGM or any adjournment thereof. The register of members of the Company will be closed from Friday, 3 January 2025 to Wednesday, 8 January 2025 (both days inclusive), during which time no share transfers will be effected. In order to qualify for attending the EGM or any adjournment thereof, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong at the above address by no later than 4:30 p.m. on Thursday, 2 January 2025.

You are urged to complete and return the form of proxy whether or not you will attend the EGM. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM (or any adjournments thereof) should you wish to do so.

VOTE BY POLL

In accordance with the articles of association of the Company, all the votes at the EGM must be taken by poll.

RECOMMENDATION

Having considered the aforesaid circumstance and benefits of the Acquisition, the Directors are of the view that the Sale and Purchase Agreement and the Acquisition contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By Order of the Board
Unity Enterprise Holdings Limited
Chan Leung
Chairman and Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the six months ended 30 June 2024, and each of the three years ended 31 December 2021, 2022 and 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hongdau.com.hk), respectively:

(i) the interim report of the Company for the six months ended 30 June 2024 published on 19 September 2024 (pages 18 to 38):

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0919/2024091900179.pdf

(ii) the annual report of the Company for the year ended 31 December 2023 published on 25 April 2024 (pages 60 to 109):

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042501184.pdf

(iii) the annual report of the Company for the year ended 31 December 2022 published on 25 April 2023 (pages 64 to 115):

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042501157.pdf

(iv) the annual report of the Company for the year ended 31 December 2021 published on 21 April 2022 (pages 63 to 113):

https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0421/2022042100757.pdf

The following disclosure is extracted from the interim report of the Company for the six months ended 30 June 2024:

(a) Funding and Treasury Policies and Objectives of the Group

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.

(b) Employees and Remuneration Policies

As at 30 June 2024, the Group had 18 employees (31 December 2023: 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. 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.

(c) 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 2024.

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 October 2024, being the latest practicable date for the purpose of this indebtedness statement, the Enlarged Group had the following indebtedness:

Bank borrowings

As at the close of business on 31 October 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had aggregate outstanding bank borrowings of approximately HK$4,751,000.

These bank borrowings consist of term loans, details of which are as follows:

	As at 31 October 2024 *HK$'000*
The Enlarged Group	
Bank borrowings — secured and guaranteed *(Note)*	4,751,000

Notes:

The balance consists of three bank loans which are supported by the SME Financing Guarantee Scheme executed by the Government of Hong Kong Special Administrative Region.

(1) As at 31 October 2024, a loan with HK$1,702,000 carries interest rate of 3.375% and is also secured by personal guarantees provided by the controlling shareholder of the Company.

(2) As at 31 October 2024, a loan with HK$1,161,000 carries interest rate of 3.625% and is also secured by personal guarantees provided by one of the Directors of the Target Company.

(3) As at 31 October 2024, a loan with HK$1,887,000 carries interest rate of 3.625% and is also secured by personal guarantees provided by one of the Directors of the Target Company.

As at the latest practicable date, our Group had unutilised banking facilities of approximately HK$4,249,000.

Our Directors confirmed that the agreements under our bank borrowings do not contain any covenant that will have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirmed that we had no material defaults in payment of trade and non-trade payables and bank borrowings, nor did we breach any financial covenants during the year ended 31 October 2024 and up to the latest practicable date. Our Directors further confirmed that during the year ended 31 October 2024 and up to the latest practicable date, we did not experience any difficulty in obtaining credit facilities, or withdrawal of facilities, request for early repayment, default in payments or breach of financial covenants of bank borrowings.

Contingent liabilities

As at latest practicable date, we did not have any contingent liabilities. Our Directors confirmed that there was no material adverse change in our Group's indebtedness and contingent liabilities as at 31 October 2024, being the latest practicable date for the purpose of this statement of indebtedness.

Lease liabilities

As at 31 October 2024, being the latest practicable date for the purpose of this statement of indebtedness, the Enlarged Group had current lease liabilities of approximately HK$497,000 and non-current lease liabilities of HK321,000. The leases represent offices and warehouse of the Enlarged Group. The weighted average incremental borrowing rate was 5.49% per annum. The Enlarged Group does not face a significant liquidity risk with regard to these liabilities. Lease liabilities are monitored within the Enlarged Group's management.

Save as disclosed above, and apart from intra-group liabilities and normal accounts payables in the ordinary course of business of the Enlarged Group, as at 31 October 2024, being the latest practicable date for the purpose of preparing this statement of indebtedness, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowing (including but not limited to bank overdrafts and liabilities under acceptance (other than normal trade bills)), acceptance credits, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, any other mortgages and charges or any other material contingent liabilities or guarantees.

3. WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, after taking into account the Group's internal resources, cash flow from operations, external borrowings, currently available banking and other facilities, and the effects of the Completion, the Enlarged Group will have sufficient working capital to meet its present requirements and for the period up to twelve (12) months from the date of this circular in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group is principally engaged in provision of repair, maintenance, alteration and addition ("**RMAA**") works services and distribution of building materials 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 2024, Hong Kong grappled with economic uncertainties, posing challenges for our Group. The prevailing trend among potential customers to tighten their expenditure on maintenance and renovation projects resulted in a reduced number of tender invitations, impacting the financial performance. Intensified competition within the industry exacerbated this situation, compelling the Group to submit more competitive tender prices to secure projects, thus squeezing the gross profit margins. Moreover, heightened customer expectations for deliverables added to costs of the Group, further straining the gross profit margin of the Group.

In the face of the unstable economic conditions in Hong Kong, the Group is actively implementing cautious cost control measures to ensure the steady development and long-term operation of the business. Recognising the opportunity to bolster capabilities in RMAA projects, enhance the competitiveness in project tendering, diversify revenue streams, and fortify the supply chain resilience, the Group strategically acquired 100% equity interest in Wonder Group in April 2024, which specializes in contracting services for RMAA works and the distribution of building materials in Hong Kong. This acquisition positions the Group to leverage potential synergies in cross-selling within the value chain of RMAA works, aiming to optimize operational efficiencies and drive growth. As at 30 June 2024, the Group has 6 projects (31 December 2023: 7 projects) on hand.

In November 2024, the Group further acquired another company with solid track performance in the RMAA field to establish business integration and go for business optimization. The Directors are of the view that given the past performance and the reputation of the Target Company in the construction engineering industry in Hong Kong, as well as its comprehensive relevant licences or qualification for the relevant field, the Acquisition will enable the Company to enhance its capacity and competitiveness to bid more tenders for larger project size. Further, with more resources being integrated into the Group, the Group is able to step towards the optimization of its business.

The Group will continue to foster a culture of cost consciousness and continuous improvement, thus enhancing overall operational efficiency and competitiveness. Overall, the Group will navigate the challenges posed by the unstable economic conditions in Hong Kong by implementing prudent cost control and management strategies. This will help ensure the company maintains competitiveness in a challenging environment.

The following is the text of the independent reporting accountants' assurance report received from OOP CPA & Co, Certified Public Accountants, Hong Kong, the reporting accountants of Company, in respect of the unaudited pro forma financial information prepared for the purpose of incorporation in this Circular.

奧柏國際

12 December 2024

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF UNITY ENTERPRISE HOLDINGS LIMITED

Introduction

We report on the historical financial information of Suntec Construction & Engineering Limited (the ”**Target Company**”) set out on pages II-5 to II-36, which comprises the statements of financial position of the Target Company as at 31 December 2021, 2022 and 2023 and 30 June 2024, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024 (the "**Relevant Periods**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the circular of the Company dated 12 December 2024 in connection with the proposed acquisition of the entire equity interest in the Target Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 31 December 2021, 2022 and 2023 and 30 June 2024 and of the Target Company's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Company which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended 30 June 2023 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Target Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

OOP CPA & Co.
Certified Public Accountants
Hong Kong
12 December 2024

PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
		2021	**2022**	**2023**	**2023**	**2024**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Revenue	*6*	48,229	37,938	27,457	8,194	12,620
Cost of services		(49,974)	(36,172)	(17,770)	(3,946)	(7,182)
Gross (loss)/profit		(1,745)	1,766	9,687	4,248	5,438
Other income and gains, net	*7*	20	212	7	—	—
Administrative expenses		(4,702)	(3,956)	(3,904)	(1,794)	(1,636)
Finance costs	*8*	(167)	(144)	(141)	(70)	(64)
Expected credit losses (provided)/ reversed on trade receivables and contract assets, net	*23(b)*	(2)	34	(310)	(87)	165
(Loss) profit before income tax expense	*10*	(6,596)	(2,088)	5,339	2,297	3,903
Income tax expense	*9*	—	—	—	—	(39)
(Loss)/profit and total comprehensive (expenses)/ income for the years/periods		(6,596)	(2,088)	5,339	2,297	3,864

STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 30 June
		2021	2022	2023	2024
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Non-current assets					
Property, plant and equipment	*12*	655	68	14	5
Current assets					
Trade receivables	*13*	16,077	1,261	4,878	2,477
Contract assets	*14*	13,505	13,460	11,911	10,689
Deposits, prepayments and other receivables	*15*	1,367	807	294	294
Amount due from a director	*16*	4,116	6,664	9,803	1,500
Bank and cash balances		233	113	601	77
Tax recoverable		—	46	28	—
		35,298	22,351	27,515	15,037
Current liabilities					
Trade payables	*17*	13,705	4,160	5,514	3,474
Accrued liabilities and other payables	*18*	6,406	5,461	4,591	4,133
Lease liabilities	*20*	393	—	—	—
Bank borrowings	*19*	4,936	4,373	3,660	3,296
Tax payable		—	—	—	11
		25,440	13,994	13,765	10,914
Net current assets		9,858	8,357	13,750	4,123
Total assets less current liabilities		10,513	8,425	13,764	4,128

STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 30 June
		2021	**2022**	**2023**	**2024**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital and reserves					
Share capital	*21*	200	200	200	200
Retained profits		16,909	10,313	8,225	64
(Loss)/profit for the years/period		(6,596)	(2,088)	5,339	3,864
		10,513	8,425	13,764	4,128

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Retained Earnings/ (losses)	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2021	200	20,409	20,609
Dividend paid *(Note 11)*	—	(3,500)	(3,500)
Loss and total comprehensive expenses for the year	—	(6,596)	(6,596)
At 31 December 2021 and 1 January 2022	200	10,313	10,513
Loss and total comprehensive expenses for the year	—	(2,088)	(2,088)
At 31 December 2022 and 1 January 2023	200	8,225	8,425
Profit and total comprehensive income for the year	—	5,339	5,339
At 31 December 2023 and 1 January 2024	200	13,564	13,764
Dividend paid *(Note 11)*	—	(13,500)	(13,500)
Profit and total comprehensive income for the period	—	3,864	3,864
At 30 June 2024	200	3,928	4,128
At 1 January 2023	200	8,225	8,425
Profit and total comprehensive income for the period (unaudited)	—	2,297	2,297
At 30 June 2023 (unaudited)	200	10,522	10,722

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Cash flows from operating activities					
(Loss)/profit before income tax	(6,596)	(2,088)	5,339	2,297	3,903
Adjustments for:					
Finance costs	167	144	141	70	64
Depreciation of property, plant and equipment	228	202	54	48	9
Depreciation of right-of-use assets	313	261	—	—	—
Loss on terminated on lease liabilities	—	16	—	—	—
Expected credit losses provided/(reversed) for trade receivables and contract assets, net	2	(34)	310	87	(165)
Operating profit before working capital changes	(5,886)	(1,499)	5,844	2,502	3,811
Decrease (increase) in trade receivables	1,494	14,849	(3,928)	(1,493)	2,565
Decrease in contract assets	942	45	1,550	(512)	1,222
Decrease in prepayments, deposits and other receivables	2	560	515	—	—
Increase (decrease) in trade payables	5,385	(9,545)	1,355	1,038	(2,041)
(Decrease) increase in accruals and other payables	(364)	(480)	9	146	(16)
(Decrease) increase in retention payables	(501)	(465)	(882)	—	(440)
Cash generated from operations	1,072	3,465	4,463	1,681	5,101
Income taxes refunded/(paid)	418	(46)	18	—	—
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,490	3,419	4,481	1,681	5,101
Cash flows from investing activity					
Purchases of property, plant and equipment	—	(6)	—	—	—
NET CASH USED IN INVESTING ACTIVITY	—	(6)	—	—	—

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Cash flows from financing activities					
Repayment of borrowings	(64)	(563)	(713)	(355)	(364)
Repayment of interests from borrowings	(137)	(132)	(141)	(70)	(64)
Repayment of lease liabilities	(318)	(278)	—	—	—
Repayment of interests from lease liabilities	(30)	(12)	—	—	—
Advanced to a director	(1,400)	(2,548)	(3,139)	(1,264)	(5,197)
NET CASH USED IN FINANCING ACTIVITIES	(1,949)	(3,533)	(3,993)	(1,689)	(5,625)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(459)	(120)	488	(8)	(524)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEARS/PERIODS	692	233	113	113	601
CASH AND CASH EQUIVALENTS AT END OF YEARS/PERIODS, represented by	233	113	601	105	77
Bank balance and cash	233	113	601	105	77

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Target Company is a limited liability incorporated in Hong Kong. The address of its registered office and principal place of business is Unit 1, 11/F, Hewlett Centre, 54 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.

The principal activities of the Target Company are the provision of repair, maintenance, alteration and addition ("**RMAA**") works and electric vehicle charging advising and installation services ("**EV Advising and Installation**") during the Relevant Periods.

The Target Company has adopted 31 December as the financial year end date.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Historical Financial Information and stub Period Comparative Historical Financial Information have been prepared in accordance with all applicable HKFRSs, which includes all applicable Hong Kong Financial Reporting Standards, HKAS, and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provision, have been early adopted by the Target Company in the preparation of the Historical Financial Information and Stub Period Comparative Historical Financial Information throughout the Relevant Periods.

The Target Company has not applied any new and revised HKFRSs that have been issued but are not yet effective for the Relevant Periods.

New and amendments to HKFRSs in issue but not yet effective

The Target Company has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 18	Presentation and Disclosure in Financial Statements[3]
Amendments to HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.

The directors of the Target Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the Historical Financial Information of the Target Company.

3. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies set out in Note 3 below which conform with Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information and Stub Period Comparative Historical Financial Information have been prepared on the historical cost basis, except when otherwise indicated.

The Historical Financial Information and Stub Period Comparative Historical Financial Information are presented in Hong Kong dollars ("**HK$**"), which is the Target Company's functional currency.

3.2 MATERIAL ACCOUNTING POLICIES

(a) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant periods. For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("**ECL**"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated cash flows, including ECL, to the amortised cost of the debt instrument on initial recognition.

(i) Financial assets

Classification and subsequent measurement of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss.

Financial assets at amortised cost and effective interest method

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

(ii) Impairment of financial assets

The Target Company recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables and deposits, contract assets, amount due from a director and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

The Target Company always recognises lifetime ECL for trade receivables and contract assets without significant financing component. The ECL on these assets are assessed collectively using a provision matrix based on the Target Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast of future conditions at the reporting date, including time value of money where appropriate.

For all other instruments, the Target Company measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Target Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Company considers both quantitative and qualitative information that are reasonable and supportable, including historical experience and forward-looking information that are available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Company has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Target Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Target Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Target Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Company, in full (without taking into account any collaterals held by the Target Company).

Irrespective of the above, the Target Company considers that default has occurred when a financial instrument is more than 90 days past due unless the Target Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Target Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward- looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Target Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Target Company in accordance with the contract and all the cash flows that the Target Company expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Target Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Target Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(iii) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instrument issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instruments and a financial liability.

Financial liabilities

All financial liabilities of the Target Company are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of and entity after deducting all of its liabilities. Equity instruments issued by a group entities are recorded at the proceeds received, net of direct issue costs.

Derecognition of financial liabilities

The Target Company derecognises financial liabilities when, and only when, the Target Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(b) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Target Company expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties.

Control of the goods or service is transferred over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Company's performance as the Target Company performs;
- the Target Company's performance creates or enhances an asset that the customer controls as the Target Company performs; or
- the Target Company's performance does not create an asset with an alternative use to the Target Company and the Target Company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Target Company's performance in transferring control of goods or services.

A contract asset represents the Target Company's right to consideration in exchange for services that the Target Company has transferred to a customer that is not unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Target Company's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Company's obligation to transfer services to a customer for which the Target Company has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted and presented on a net basis.

Variable consideration

For contracts that contain variable consideration, the Target Company estimates the amount of consideration to which it will be entitled using either (a) the expected value method; or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Target Company will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Target Company updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of each reporting period and the change in circumstances during the reporting period.

Contract costs

The Target Company recognises an asset from the costs incurred to fulfil a contract when those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The asset recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the costs relate. The asset is subject to impairment review.

(i) Provision of RMAA works and EV Advising and Installation services

The Target Company provides RMAA works and EV Advising and Installation services based on contracts entered with customers. Such contracts are entered into before the services begin. Under the terms of the contracts, the RMAA works and EV Advising and Installation services performed by the Target Company create or enhance a property that the customer controls as the property is created or enhanced. Revenue from provision of RMAA works and EV Advising and Installation services are therefore recognised over time using output method, i.e. based on surveys of works completed by the Target Company to date with reference to the payment certificates certified by authorised persons or external consultants appointed by the customers. The directors of the Target Company consider that the output method would faithfully depict the Target Company's performance towards complete satisfaction of these performance obligations under HKFRS 15.

For certain RMAA works and EV Advising and Installation services under term contracts, revenue is recognised when the Target Company rendered the services and has right to payment and the collection of the consideration is probable.

Contract asset is recognised when (i) the Target Company completes the RMAA works and EV Advising and Installation services under such service contracts but yet certified by authorised persons or external consultants appointed by customers, or (ii) the customers retain retention money to secure the due performance of the contracts. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the considerations received (including advances received from customers) exceed the revenue recognised to date under the output method then the Target Company recognises a contract liability for the difference.

For warranty embedded to the RMAA works contracts, the Target Company accounts for the warranty in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" unless the warranty provides the customer with a service in addition to the assurance that the RMAA works comply with the agreed-upon specifications.

(c) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Target Company can no longer withdraw the offer of those benefits and when the Target Company recognises restructuring costs involving the payment of termination benefits.

(d) Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from (loss)/profit before income tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is calculated using the liability method on temporary differences at the end of reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary difference, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in a subsidiary, except where the Target Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the year the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of reporting period.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Target Company has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Target Company presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(e) Segment reporting

The Target Company identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Target Company's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Target Company's major operations.

The measurement policies the Target Company uses for reporting segment results under HKFRS 8 ''Operating Segments'' are the same as those used in its financial statements prepared under HKFRSs.

(f) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Target Company's cash management are also included as a component of cash and cash equivalents.

(g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

(h) Related parties

A party is considered to be related to the Target Company if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Target Company;

(ii) has significant influence over the Target Company; or

(iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company;

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. CRITICAL JUDGMENTS AND KEY ESTIMATES

In the adoption of the Target Company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period, or in the year of the revision and future periods if the revision affects both Relevant Periods and future periods.

Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these consolidated financial statements, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

(a) Provision of ECL for trade receivables and contract assets

Trade receivables and contract assets with significant balances and credit-impaired are assessed for ECL. The Target Company uses provision matrix to calculate ECL for the trade receivables and contract assets. The provision rates are based on internal credit rating as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Target Company's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward looking information are considered. In addition, trade receivables and contract assets with significant balances and credit-impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Target Company's trade receivables and contract assets are disclosed in note 22(b).

(b) Estimation of RMAA works and EV Advising and Installation services contracts

The Target Company reviews and revises the estimates of contract revenue, contract costs, variations in project work and claims prepared for each RMAA works and EV Advising and Installation services contract as the contract progresses. Budgeted contract costs are prepared by the management on the basis of quotations from time to time provided by the major subcontractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred.

Recognised amounts of contract revenue and related contract assets and receivables reflect management's best estimate of each contract's outcome and value of works completed, which are determined on the basis of a number of estimates. The actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of each reporting period, which would affect the revenue and profit or loss recognised in future years as an adjustment to the amounts recorded to date.

5. OPERATING SEGMENT INFORMATION

The Target Company's operating segment is provision of RMAA works and EV Advising and Installation services. Since this is the only one operating segment of the Target Company, no further analysis thereof is presented.

The Target Company's operation and operating assets are located in Hong Kong.

Accordingly, no geographical segment information is presented.

Geographical Information

The Target Company's revenue are all generated from, and non-current assets are located in, Hong Kong.

Information about major customers

During the years/periods, revenue from major customers who contributed over 10% of the total revenue of the Target Company is as follows:

	Year ended 31 December			**Six months ended 30 June**	
	2021	**2022**	**2023**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Customer A	24,699	5,357	*	*	*
Customer B	20,315	19,289	14,258	3,921	*
Customer C	*	5,989	*	*	*
Customer D	*	6,462	*	*	*
Customer E	*	*	8,273	2,930	10,131
Customer F	*	*	*	*	1,300
	45,014	37,097	22,531	6,851	11,431

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

6. REVENUE

	Year ended 31 December			**Six months ended 30 June**	
	2021	**2022**	**2023**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Project-based					
— Provision of RMAA	48,229	37,938	19,184	5,264	3,889
— EV Advising and Installation services	—	—	8,273	2,930	8,731
Total revenue	48,229	37,938	27,457	8,194	12,620

Revenue from contract with customers arose from provision of RMAA works and EV Advising and Installation services rendered in Hong Kong under long-term contracts and was recognised over time during the Relevant Periods. All the Target Company's provision of RMAA and EV Advising and Installation services are provided directly with the customers. Contracts with the Target Company's customers are mainly fixed-price contracts.

Transaction price allocated to the remaining performance obligations

The following tables show the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of reporting year/period.

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Provision of RMAA works					
— Expected to be recognized within one year	37,887	18,137	1,136	13,611	7,400
— Expected to be recognized after one year	17,956	1,136	—	—	—
	55,843	19,273	1,136	13,611	7,400
EV Advising and Installation Services					
— Expected to be recognized within one year	—	2,670	873	11,370	—
— Expected to be recognized after one year	—	230	—	—	—
	—	2,900	873	11,370	—

7. OTHER INCOME AND GAINS, NET

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Government subsidies *(Note)*	20	228	—	—	—
Interest income	—	—	7	—	—
Loss on early termination of lease agreement	—	(16)	—	—	—
	20	212	7	—	—

Note: The government subsidies are mainly related to (i) relief fund from Construction Industry Council amounted to HK$20,000 during the year ended 31 December 2021; and (ii) wage subsidies amounted to HK$228,000 from the Government of Hong Kong Special Administrative Region under the Employment Support Scheme ("**ESS**") for the year ended 31 December 2022. Under the terms of the ESS, the Target Company 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.

8. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Interest on bank borrowings	137	132	141	70	64
Interest on lease liabilities	30	12	—	—	—
	167	144	141	70	64

9. INCOME TAX EXPENSE

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Current tax — Hong Kong Profit Tax					
— Charge for the year	—	—	—	—	39
	—	—	—	—	39

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated 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.

Reconciliation between income tax expense and accounting (loss) profit at applicable tax rates:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
(Loss)/profit before income tax expense	(6,596)	(2,088)	5,339	2,297	3,903
Tax at Hong Kong Tax rate of 16.5%	(1,088)	(345)	881	379	644
Tax effect of non-taxable income	(7)	(44)	(4)	(3)	(31)
Tax effect of non-deductible expenses	38	33	60	22	1
Tax effect of tax losses not recognised	1,057	356	—	—	—
Utilisation of tax losses previously not recognised	—	—	(937)	(398)	(536)
Income taxed at concessionary rate	—	—	—	—	(39)
Income tax expense	—	—	—	—	39

10. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

The Target Company's (loss)/profit before income tax expense for the Relevant Periods is arrived at after charging:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Employee benefit expenses (including director's remuneration)					
— Director's fee	—	—	—	—	—
— Salaries, allowances and other benefits	3,588	2,981	2,912	1,442	1,206
— Contributions to retirement benefits schemes	155	118	107	55	44
Total employee benefit expenses	3,743	3,099	3,019	1,497	1,250
Auditor's remuneration	26	26	26	13	13
Depreciation of property, plant and equipment (including right-of-use assets)	541	463	54	48	9

11. DIVIDENDS

During the year ended 31 December 2021, a final dividend of HK$17.5 per share was declared to offset the amount due from a director of the Target Company amounted to HK$3,500,000.

During the six months ended 30 June 2024, an interim dividend of HK$67.5 per share was declared to offset the amount due from a director of the Target Company amounted to HK$13,500,000

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvement *HK$'000*	Furniture and Equipment *HK$'000*	Right-of-use assets *HK$'000*	Total *HK$'000*
Cost				
At 1 January 2021, 31 December 2021 and 1 January 2022	470	554	913	1,937
Additions	—	6	—	6
Early termination of lease contract	—	—	(913)	(913)
At 31 December 2022, 1 January 2023, 31 December 2023 and 30 June 2024	470	560	—	1,030
Accumulated depreciation				
At 1 January 2021	118	414	209	741
Provided for the year	157	71	313	541
At 31 December 2021	275	485	522	1,282
Provided for the year	157	45	261	463
Early termination of lease contract	—	—	(783)	(783)
At 31 December 2022	432	530	—	962
Provided for the year	38	16	—	54
At 31 December 2023	470	546	—	1,016
Provided for the year	—	9	—	9
At 30 June 2024	470	555	—	1,025
Net carrying amount				
At 31 December 2021	195	69	391	655
At 31 December 2022	38	30	—	68
At 31 December 2023	—	14	—	14
At 30 June 2024	—	5	—	5

The right-of-use assets represent the leases on office premises in Hong Kong. Details of total cash flow for leases and maturity analysis of lease liabilities are disclosed in note 20.

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvement	Over the remaining life of the leases
Furniture and equipment	5 years

13. TRADE RECEIVABLES

	At 31 December			At 30 June
	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	16,311	1,462	5,390	2,825
Less: allowances for credit losses	(234)	(201)	(512)	(348)
	16,077	1,261	4,878	2,477

The credit terms to customers is 30 days from the invoice date for trade receivables.

The ageing analysis of trade receivables, net of allowance for credit losses, based on invoice date, is as follows:

	At 31 December			At 30 June
	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 to 30 days	10,363	297	4,324	2,477
31 to 60 days	4,118	343	—	—
61 to 90 days	—	—	180	—
91 to 365 days	907	—	—	—
1 to 2 years	629	—	—	—
2 to 3 years	60	621	374	—
	16,077	1,261	4,878	2,477

Out of the past due balances as at 31 December 2021, 2022, 2023 and 30 June 2024, approximately HK$733,000, HK$733,000, HK$793,000 and HK$125,000, respectively, have been past due 90 days or more and are not considered as in default by considering the background of the debtors, historical settlement pattern, historical payment arrangement and credit standing of these trade receivables. The Target Company does not hold any collateral over these balances.

14. CONTRACTS ASSETS

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

	At 31 December			At 30 June
	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracts assets	13,519	13,473	11,923	10,700
Less: allowances for credit losses	(14)	(13)	(12)	(11)
	13,505	13,460	11,911	10,689

The contract assets primarily relate to the Target Company's rights to consideration for work completed but not billed as at 31 December 2021, 2022, 2023 and 30 June 2024 on revenue related to the provision of RMAA works and EV Advising and Installation services. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Target Company provides the invoice to the customers.

Retention receivables represent the money retained by the Target Company's customers to secure the due performance of the contracts. The customers normally withhold up to 5-10% of each interim payment and up to a maximum limit of 5% of the contract sum as retention money for the projects.

As at 31 December 2021, 2022, 2023 and 30 June 2024, the amounts of contract assets that are expected to be recovered after one year are approximately HK$12,868,000, HK$11,816,000, HK$3,100,000 and HK$1,629,000, respectively.

15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits and other receivable	1,354	796	283	283
Prepayments	13	11	11	11
	1,367	807	294	294

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

16. AMOUNT DUE FROM A DIRECTOR

The amount due from a director is unsecured, interest-free and repayable on demand.

17. TRADE PAYABLES

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	13,705	4,160	5,514	3,474

The ageing analysis of trade payables, based on the invoice date, is as follows:

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 to 30 days	11,521	3,033	4,387	3,143
31 to 60 days	511	—	—	—
61 to 90 days	268	—	—	—
Over 90 days	1,405	1,127	1,127	331
	13,705	4,160	5,514	3,474

18. ACCRUED LIABILITIES AND OTHER PAYABLES

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Retention payable *(Note)*	5,358	4,893	4,011	3,571
Accruals	365	262	274	256
Other payables	683	306	306	306
	6,406	5,461	4,591	4,133

Note: As at 31 December 2021, 2022, 2023 and 30 June 2024, the retention payables that are expected to be settled after one year are approximately HK$4,301,000, HK$3,917,000, HK$1,384,000 and HK$1,384,000, respectively.

19. BANK BORROWINGS

At 31 December 2023, the secured bank borrowings with a demand clause, based on the scheduled repayment terms set out in the loan agreements without taking into account the effect of any demand clause, were repayable as follows:

	As 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	564	712	736	750
Over 1 year but within 2 years	712	736	763	777
2 to 5 years	2,291	2,376	2,161	1,769
Over 5 years	1,369	549	—	—
	4,936	4,373	3,660	3,296

At 31 December 2021, 2022, 2023 and 30 June 2024, the bank borrowings of the Target Company are supported by the SME Financing Guarantee Scheme executed by the Government of Hong Kong Special Administrative Region, which HKMC Insurance Limited provided full guarantee. The bank loans are also secured by personal guarantees provided by the director of the Target Company.

20. LEASE LIABILITIES

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	393	—	—	—
Analysed as:				
Non-current	—	—	—	—
Current	393	—	—	—
	393	—	—	—
Expenses related to leases of short-term leases	—	—	174	131

The weighted average incremental borrowing rate applied to lease as at 31 December 2021 and 2022 are 5.25%.

The total cash outflows for leases including the payments of lease liabilities for the year ended 31 December 2021 and 2022 are HK$348,000 and HK$290,000, respectively.

21. SHARE CAPITAL

	Number of shares	Amount
	'000	*HK$'000*
Issued and fully paid ordinary shares:		
At 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	200	200

22. CAPITAL RISK MANAGEMENT

The Target Company manages its capital to ensure that the Target Company will be able to continue as a going while maximising the return to shareholders through the optimisation of the debt and equity balance. The Target Company's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Target Company consists of net debt, which includes bank borrowings, lease liabilities disclose in note 19 and 20, net of cash and bank balances and equity attributable to owners of the Target Company, comprising issued share capital and reserves.

The directors of the Target Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Target Company will balance its overall capital structure through the payment of dividends or new share issues as well as redemption of existing debts.

23. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The carrying amounts of each of the categories of financial instruments at the end of the Relevant Periods are as follows:

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at amortised cost				
Trade receivables	16,077	1,261	4,878	2,477
Deposits and other receivables	1,354	796	283	283
Amount due from a director	4,116	6,664	9,803	1,500
Bank and cash balances	233	113	601	77
	21,780	8,834	15,565	4,337
Financial liabilities at amortised cost				
Bank borrowings	4,936	4,373	3,660	3,296
Trade payables	13,705	4,160	5,514	3,474
Other payables	6,041	5,199	4,317	3,877
	24,682	13,732	13,491	10,647

(b) Financial risk management objectives and policies

The Target Company's major financial instruments include trade receivables, deposits and other receivables, amount due from a director, cash and bank balances, bank borrowings, trade payables and other payables. Details of these financial instruments are disclosed in the respective notes.

The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Credit risk and impairment assessment

Credit risk refers to the risk that the Target Company's counterparties default on their contractual obligations resulting in financial losses to the Target Company. The Target Company's credit risk exposures are primarily attributable to trade receivables, contract assets, deposits and other receivables, amount due from a controlling shareholder, time deposits and bank balances. The Target Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Amount due from a director, deposits and other receivables

The Target Company assessed the loss allowance for amount due from a director, deposits and other receivables on 12-month ECL basis. In determining the ECL, the Target Company has taken into account the historical default experience and forward-looking information as appropriate. There had been no significant increase in credit risk since initial recognition. The Target Company has considered the consistently low historical default rate in connection with payments and concluded that credit risk inherent in the Target Company's outstanding balances is insignificant.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Trade receivables and contracts arising from contracts with customers

In order to minimise credit risk, the directors of the Target Company is responsible for determination of credit limits, credit approvals and other monitoring procedures over the customers to ensure that follow-up action is taken to recover the overdue debts. In addition, the Target Company reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate allowance are made for irrecoverable amounts. In addition, the Target Company performs impairment assessment under ECL model on trade balances individually or based on provision matrix. In this regard, the directors of the Target Company consider that the Target Company's credit risk is significantly reduced.

The Target Company is exposed to concentration of credit risk at 31 December 2021, 2022, 2023 and 30 June 2024 on trade receivables from the Target Company's top five customers accounted for 89%, 46%, 85% and 96% of the Target Company's total trade receivables, respectively.

For trade receivables and contract assets, the Target Company has applied the simplified approach under HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant balance and credit- impaired, the Target Company determined ECL on these items by using a provision matrix, grouped by internal credit rating, and the ratings are outlined as follows:

— Low risk	Customers with good credit standing
— Medium risk	Customers with normal credit standing
— High risk	Credit-impaired customers

The following table provides information about the exposure to credit risk and ECL for trade receivables and contract assets which are assessed based on provision matrix as at 31 December 2021, 2022, 2023 and 30 June 2024 within lifetime ECL (not credit-impaired). Debtors with significant balances and credit-impaired with gross carrying amounts of approximately HK$85,000, HK$125,000, HK$125,000 and HK$125,000, respectively, as of 31 December 2021, 2022, 2023 and 30 June 2024 were assessed individually.

		Gross carrying amount	
	Average expected loss rate	**Trade receivables**	**Contract assets**
		HK$'000	*HK$'000*
As at 31 December 2021			
Low risk	0.06%	10,019	13,159
Medium risk	2.39%	6,207	—
		16,226	13,159
As at 31 December 2022			
Low risk	0.10%	—	13,473
Medium risk	5.67%	1,337	—
		1,337	13,473
As at 31 December 2022			
Low risk	0.09%	2,031	11,923
Medium risk	11.95%	3,234	—
		5,265	11,923
As at 30 June 2024			
Low risk	0.10%	—	10,700
Medium risk	10.62%	2,100	—
		2,100	10,700

The expected loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without due costs or efforts. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The Target Company recognized/(reversed) loss allowances of HK$3,000, HK$(33,000), HK$311,000 and HK$(164,000), respectively, on trade receivables and reversed loss allowances of HK$nil, HK$1,000, HK$1,000 and HK$1,000, respectively, on contract assets, respectively during the Relevant Periods.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach during the Relevant Periods.

	Lifetime ECL (not credit-impaired)		**Lifetime ECL (credit-impaired)**		
	Trade receivables	**Contract assets**	**Trade receivables**	**Contract assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
1 January 2021	232	14	—	—	246
Loss allowances (reversed) recognised	(83)	—	85	—	2
At 31 December 2021 and 1 January 2022	149	14	85	—	248
Loss allowances (reversed) recognised	(73)	(1)	40	—	(34)
At 31 December 2022 and 1 January 2023	76	13	125	—	214
Loss allowances recognised (reversed)	311	(1)	—	—	310
At 31 December 2023 and 1 January 2024	387	12	125	—	524
Loss allowances reversed	(164)	(1)	—	—	(165)
At 30 June 2024	223	11	125	—	359

The Target Company writes off a trade receivable or a contract asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier. During the Relevant Periods, none of the trade receivables and contract assets had been written off.

(c) Liquidity risk

In the management of the liquidity risk, the Target Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Target Company's operations and mitigate the effects of fluctuations in cash flows. The directors believe that the Target Company will have sufficient working capital for its future operational requirement.

The following table details the Target Company's contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Company can be required to pay. The table includes both interest and principal cash flows.

	%	Carrying amount at balance sheet date	Total contractual undiscounted cash flow	Within one year or on demand	>1 year but <2 years	>2 years but <5 years	Over 5 years
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2021							
Trade payables	N/A	13,705	13,705	13,705	—	—	—
Other payables	N/A	6,041	6,041	6,041	—	—	—
Bank borrowings	2.75%	4,936	5,533	696	853	2,571	1,413
Lease liabilities	5.25%	393	435	348	87	—	—
		25,075	25,714	20,790	940	2,571	1,413

	%	Carrying amount at balance sheet date	Total contractual undiscounted cash flow	Within one year or on demand	>1 year but <2 years	>2 years but <5 years	Over 5 years
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2022							
Trade payables	N/A	4,160	4,160	4,160	—	—	—
Other payables	N/A	5,199	5,199	5,199	—	—	—
Bank borrowings	3.38%	4,373	4,837	853	857	2,570	557
		13,732	14,196	10,212	857	2,570	557

	%	Carrying amount at balance sheet date	Total contractual undiscounted cash flow	Within one year or on demand	>1 year but <2 years	>2 years but <5 years
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2023						
Trade payables	N/A	5,514	5,514	5,514	—	—
Other payables	N/A	4,317	4,317	4,317	—	—
Bank borrowings	3.63%	3,660	3,984	857	857	2,270
		13,491	13,815	10,688	857	2,270

	%	Carrying amount at balance sheet date	Total contractual undiscounted cash flow	Within one year or on demand	>1 year but <2 years	>2 years but <5 years
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 30 June 2024						
Trade payables	N/A	3,474	3,474	3,474	—	—
Other payables	N/A	3,877	3,877	3,877	—	—
Bank borrowings	3.63%	3,296	3,556	857	857	1,842
		10,647	10,907	8,208	857	1,842

(d) Interest rate risk

The Target Company's bank borrowings and lease liabilities bear interests at fixed interest rates and therefore are subject to fair value interest rate risks. Certain bank balances were arranged at floating rates varied with the prevailing market condition and therefore were subjected to cash flow interest rate risk. No sensitivity analysis is presented as the management consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

(e) Fair values

The carrying amounts of the Target Company's financial assets and financial liabilities as reflected in the statements of financial position approximate their respective fair values.

24. RECONCILIATIONS OF LIABILITIES ACTIVITIES FROM FINANCING ACTIVITIES

The table below details changes in the Target Company's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were or future cash flows will be classified in the Target Company's statement of cash flows as cash flows from financing activities:

	Bank Borrowings *(note 19)* *HK$'000*	**Lease Liabilities** *(note 20)* *HK$'000*	**Total** *HK$'000*
At 1 January 2021	5,000	711	5,711
Financing cash flows	(201)	(348)	(549)
Other changes:			
— Interest expenses	137	30	167
At 31 December 2021 and at 1 January 2022	4,936	393	5,329
Financing cash flows	(695)	(290)	(985)
Other changes:			
— Interest expenses	132	12	144
— Lease modified	—	(115)	(115)
At 31 December 2022 and at 1 January 2023	4,373	—	4,373
Financing cash flows	(854)	—	(854)
Non-cash changes			
— Interest expenses	141	—	141
At 31 December 2023	3,660	—	3,660
Financing cash flows	(428)	—	(428)
Other changes:			
— Interest expenses	64	—	64
At 30 June 2024	3,296	—	3,296
At 1 January 2023	4,373	—	4,373
Financing cash flows (unaudited)	(425)	—	(425)
Other changes:			
— Interest expenses	70	—	70
At 30 June 2023 (unaudited)	4,018	—	4,018

25. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Historical Financial Information, the Target Company also had the following related party transactions during the Relevant Periods:

		Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
Related party	**Nature**	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
A Company owned by Mr. Ng Pak Lai, Ray, a director of the Target Company	Consultancy fee paid	8	8	—	—	—

26. NON-CASH TRANSACTION

During the year ended 31 December 2021, a final dividend of HK$17.5 per share was declared to offset the amount due from a director of the Target Company amounted to HK$3,500,000.

During the six months ended 30 June 2024, an interim dividend of HK$67.5 per share was declared to offset the amount due from a director of the Target Company amounted to HK$13,500,000

The following is the text of the independent reporting accountants' assurance report received from the independent reporting accountants, OOP CPA & Co, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the sole purpose of inclusion in this circular.

奧柏國際

12 December 2024

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the directors of Unity Enterprise Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Unity Enterprise Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**"), including Suntec Construction & Engineering Limited (the "**Target Company**" and together with the Group hereinafter referred to as the "**Enlarged Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2024 and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages III-5 to III-7 of Appendix III of the circular issued by the Company dated 12 December 2024 (the "**Circular**") in connection with the proposed acquisition of 100% equity interest of the Target Company (the "**Proposed Acquisition**") by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-5 to III-7 of Appendix III of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Proposed Acquisition on the Group's consolidated financial position as at 30 June 2024 and the Group's financial performance and cash flows for the year ended 31 December 2023 as if the Proposed Acquisition had taken place at 30 June 2024 and 1 January 2023, respectively. As part of this process, information about the Group's financial position as at 30 June 2024, and the Group's financial performance and cash flows for the year ended 31 December 2023 has been extracted by the Directors from the Group's condensed financial statements as included in the Group's interim report for the six months ended 30 June 2024, on which no review report has been published and financial performance and cash flows have been extracted by the Directors from the Group's financial statements for the year ended 31 December 2023, on which an audit report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "*Code of Ethics for Professional Accountants*" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "*Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*" by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("**HKSAE**") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Acquisition at 30 June 2024 or 1 January 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

OOP CPA & Co.
Certified Public Accountants
Hong Kong
12 December 2024

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

INTRODUCTION

The following is an illustrative Unaudited Pro Forma Financial Information of the Enlarged Group of which have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Proposed Acquisition as if it had taken place on 30 June 2024 for the unaudited pro forma consolidated statement of financial position and as if it had taken place on 1 January 2023 for the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group is prepared, in accordance with the accounting policies of the Group under Hong Kong Financial Reporting Standards, based on the unaudited consolidated statement of financial position of the Group as at 30 June 2024 extracted from the published unaudited interim report of the Group for the six months ended 30 June 2024, and the audited statement of financial position of the Target Company as at 30 June 2024 as extracted from the accountants' report as set out in Appendix II to this circular as if the Proposed Acquisition had been completed on 30 June 2024.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group is prepared, in accordance with the accounting policies of the Group under Hong Kong Financial Reporting Standards, based on the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2023 extracted from the published annual report of the Group for the year ended 31 December 2023, and the audited statement of profit or loss and other comprehensive income and the audited statement of cash flows of the Target Company for the year ended 31 December 2023 as extracted from the accountants' report as set out in Appendix II to this circular as if the Proposed Acquisition had been completed on 1 January 2023.

The Unaudited Pro Forma Financial Information has been prepared by the Directors based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Due to its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the actual financial position, financial performance and cash flows of the Enlarged Group that would have been attained had the Proposed Acquisition been completed as at 30 June 2024 or 1 January 2023. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Enlarged Group's future financial position.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group, as incorporated by reference in Appendix I to this circular, and that of the Target Company, as set out in Appendix II to this circular, and other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

	The Group as at 30 June 2024	The Target Company as at 30 June 2024	Pro Forma Adjustments		Unaudited pro Forma of the Enlarged Group as at 30 June 2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1(a)	*Note 2*	*Note 3 (a) & (b)*	*Note 4*	
Non-current assets					
Property, plant and equipment	651	5	—	—	656
Goodwill	19,470	—	41,572	—	61,042
Total non-current assets	20,121	5	41,572	—	61,698
Current assets					
Trade receivables	105,375	2,477	—	—	107,852
Contract assets	21,902	10,689	—	—	32,591
Deposits, prepayments and other receivables	25,694	294	—	—	25,988
Amount due from a controlling shareholder	15	1,500	—	—	1,515
Cash and bank balances	17,450	77	—	—	17,527
Total current assets	170,436	15,037	—	—	185,473
Current liabilities					
Trade payables	37,033	3,474	—	—	40,507
Accrued liabilities and other payables	21,588	4,133	—	690	26,411
Bank borrowings	2,534	3,296	—	—	5,830
Lease liabilities	205	—	—	—	205
Tax payable	225	11	—	—	236
Total current liabilities	61,585	10,914	—	690	73,189
Net current assets (liabilities)	108,851	4,123	—	(690)	112,284
Total assets less current liabilities	128,972	4,128	41,572	(690)	173,982

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

	The Group as at 30 June 2024	The Target Company as at 30 June 2024	Pro Forma Adjustments		Unaudited pro Forma of the Enlarged Group as at 30 June 2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1(a)	*Note 2*	*Note 3 (a) & (b)*	*Note 4*	
Non-current liabilities					
Lease liabilities	21	—	—	—	21
Deferred tax liabilities	104	—	—	—	104
Promissory note	—	—	32,310	—	32,310
Total non-current liabilities	125	—	32,310	—	32,435
NET ASSETS	128,847	4,128	9,262	(690)	141,547
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	11,746	200	13,190	—	25,136
Reserves	117,101	3,928	(3,928)	(690)	116,411
	128,847	4,128	9,262	(690)	141,547

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	The Group for the year ended 31 December 2023	The Target Company for the year ended 31 December 2023	Pro Forma Adjustment	Unaudited pro forma of the Enlarged Group for the year ended 31 December 2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1(b)	*Note 2*	*Note 4*	
Revenue	110,034	27,457	—	137,491
Cost of services	(126,672)	(17,770)	—	(144,442)
Gross (loss) profit	(16,638)	9,687	—	(6,951)
Other incomes and gains, net	2,857	7	—	2,864
Administrative expenses	(9,298)	(3,904)	(690)	(13,892)
Provision of loss allowances on trade receivables and contract assets	(4,725)	(310)	—	(5,035)
Finance costs	(53)	(141)	—	(194)
(Loss) profit before income tax expense	(27,857)	5,339	(690)	(23,208)
Income tax expense	(1,555)	—	—	(1,555)
(Loss) profit and total comprehensive (expense) income for the year	(29,412)	5,339	(690)	(24,763)
(Loss) profit attributable to equity holders of the Company	(29,412)	5,339	(690)	(24,763)

UNAUDITED PRO FORMA CONSOLIDATED CASH FLOW STATEMENT

	The Group for the year ended 31 December 2023	The Target Company for the year ended 31 December 2023	Pro Forma Adjustments		Unaudited pro forma of the Enlarged Group for the year ended 31 December 2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1(b)	*Note 2*	*Note 3(a) and 5*	*Note 4*	
Net cash generated (used in)/from operating activities	(47,245)	4,481	—	(690)	(43,454)
Cash flows from investing activities					
Interest received	275	—	—	—	275
Purchase of property, plant and equipment	(20)	—	—	—	(20)
Withdrawal of a time deposit	25,000	—	—	—	25,000
Acquisition of assets through acquisition of subsidiary	—	—	601	—	601
Net cash generated from investing activities	25,255	—	601	—	25,856
Cash flows from financing activities					
Proceeds from bank borrowings	4,000	—	—	—	4,000
Repayments of bank borrowings	(647)	(713)	—	—	(1,360)
Payments of lease liabilities	(244)	—	—	—	(244)
Finance cost paid	(45)	(141)	—	—	(186)
Advanced to a director	—	(3,139)	—	—	(3,139)
Advance from a controlling shareholder	4,486	—	—	—	4,486
Issuance of promissory note	—	—	32,310	—	32,310
Net cash from/(used in) financing activities	7,550	(3,993)	32,310	—	35,867
Net (decrease)/increase in cash and cash equivalents	(14,440)	488	32,911	(690)	18,269
Cash and cash equivalents at beginning of the year	24,540	113	(113)	—	24,540
Cash and cash equivalents at end of the year, representing cash and bank balances	10,100	601	32,798	(690)	42,809

Notes:

(1) (a) The amounts have been extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 included in the published interim report of the Company for the six months ended 30 June 2024, dated 28 August 2024.

(b) The amounts have been extracted from the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2023 included in the published annual report of the Company for the year ended 31 December 2023, dated 26 March 2024.

(2) The amounts are extracted from the statement of financial position of the Target Group as at 30 June 2024 and the statement of comprehensive income and the consolidated statement of cash flows of the Target Group for the six months ended 30 June 2024 as set out in Appendix II to this circular.

(3) Upon the completion of the Transaction, the Target Company will become a wholly-owned subsidiary of the Company. The identifiable assets and liabilities of the Target Company will be accounted for by the Group at their fair values in accordance with HKFRS 3 (Revised) "*Business Combination*".

(a) The assets and liabilities of the Target Company will be consolidated into the consolidated statement of financial position of the Group. Goodwill arising on the date of acquisition of the Target Company is calculated as follows:

	HK$'000
Fair value of the identifiable net assets of the Target Company	4,128
Consideration shares (i)	13,390
Promissory Note (ii)	32,310
Total consideration	45,700
Goodwill (iii)	41,572

Pursuant to the Agreement, the consideration of HK$45,700,000 is for the acquisition of 100% of the entire issued share capital of the Target Company. The total consideration of HK$45,700,000 is to be satisfied as to:

(i) 234,920,635 new shares ("**Consideration Shares**") are to be issued by the Company as Consideration Shares. The fair value of each Consideration Share is HK$0.057, referenced to

- a discount of approximately 23.0% to the closing price of HK$0.074 per share of the Company ("**Share**") as quoted on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 22 October 2024, being the date of the Sale and Purchase Agreement;
- a discount of approximately 16.2% to the average closing price of HK$0.068 per Share as quoted on the Stock Exchange for the five (5) trading days immediately prior to the date of the Sale and Purchase Agreement; and
- a discount of approximately 36.0% to the average closing price of HK$0.089 per Share as quoted on the Stock Exchange for the 20 trading days immediately prior to the date of the Sale and Purchase Agreement.

Each of the ordinary shares of the Company carry a par value of HK$0.01. For the purpose of the Unaudited Pro Forma Financial Information, the Directors have assumed the fair value of the Consideration Shares is HK$13,390,000, using the fair value of the Company's shares of HK$0.057 as detailed above as at 30 June 2024, in which HK$2,349,000 shall be recognised as share capital while the remaining HK$11,041,000 shall be recognised in share premium.

(ii) The principal amount of the Promissory Note is HK$32,310,000 which is non interest-bearing and to be matured on the second anniversary from the date of issue of the Promissory Note.

(iii) It is expected that the completion of the Proposed Acquisition may generate a goodwill of approximately HK$41,572,000 to the Group. As the fair value of the assets and liabilities of the Target Company at the Completion Date are yet to be identified and measured, the actual amount of goodwill can only be determined at the Completion.

(b) For the purpose of the Unaudited Pro Forma Financial Information, the share capital and reserves of the Target Company are eliminated upon consolidation by the Group. Therefore, the share capital of HK$200,000 and reserves of HK$3,928,000 of the Target Company have been eliminated.

(4) It represents the estimated legal and professional fees and other direct expenses in relation to the Proposed Acquisition of approximately HK$690,000.

(5) The cash flow for acquisition amounted to HK$601,000, in the unaudited pro forma consolidated statement of cash flows, represents the cash and cash equivalents acquired at acquisition of the subsidiary.

(6) (a) No other adjustment has been made to the unaudited pro forma consolidated statement of financial position of the Enlarged Group to reflect any trading results or other transactions entered into by the Group and the Target Company subsequent to 30 June 2024.

(b) No other adjustment has been made to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group to reflect any trading results or other transactions entered into by the Group and the Target Company subsequent to 31 December 2023.

*Set forth below is the management discussion and analysis of the Target Company for the three financial years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 (collectively, the "**Reporting Period**") based on the financial information on the Target Company set out in Appendix II to this circular.*

BUSINESS OVERVIEW

The Target Company is principally engaged in provision of RMAA works and EV Consultancy services. Immediately prior to Completion, the Target Company was wholly-owned by the Vendor. Upon Completion, the Target Company shall become an indirect wholly-owned subsidiary of the Company.

FINANCIAL REVIEW

Financial Information on the Target Company

Set out below is a summary of the financial information of the Target Company extracted from Appendix II of this circular.

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue	48,229	37,938	27,457	8,194	12,620
(Loss)/profit before tax	(6,596)	(2,088)	5,339	2,297	3,903
(Loss)/profit and total comprehensive income/(expense) for the year/period	(6,596)	(2,088)	5,339	2,297	3,864

For further financial information of the Target Company, please refer to Appendix II of this circular.

Revenue

The revenue of the Target Company was mainly contributed by provision of RMAA works representing 100%, 100%, 69.9% and 30.8% of the total revenue for the year ended 31 December 2021, 2022 and 2023 and for the six months ended 30 June 2024, respectively.

The Target Company was awarded its first project in relation to the EV Advising and Installation services in September 2022, which enabled the Target Company to record a revenue of approximately HK$8.3 million and approximately HK$8.7 million for the year ended 31 December 2023 and the six months ended 30 June 2024, respectively.

The Target Company's revenue decreased from approximately HK$48.3 million for the year ended 31 December 2021 to HK$37.9 million for the year ended 31 December 2022, and further decreased to approximately HK$27.5 million for the year ended 31 December 2023, which was (i) primarily due to the decrease in revenue from provision of RMAA services, for the reasons that (a) the 2 major RMAA projects that the Target Company has been participated since 2019 recorded less revenue based on the different project stages falling onto the year ended 31 December 2022 and 2023, respectively; and (b) the outbreak of Covid-19 Pandemic resulted in adverse impact on the construction industry, which results in less demand for the provision of RMAA works; and (ii) partially offset by the revenue of approximately HK$8.7 million as generated from the EV Advising and Consulting services.

The Target Company recorded a revenue increased from approximately HK$8.2 million for the six months ended 30 June 2023 to approximately HK$12.6 million for the six months ended 30 June 2024, which was primarily due to (i) the increase in revenue of EV Consultancy services by approximately 1.98 times, as a result of the revenue recognisation from the first EV project as awarded; and (ii) partially offset by the decrease in revenue generated from provision of RMAA works by approximately 26.1%, resulting from the Target Company have not been awarded new projects yet.

Profit/(loss) and total comprehensive income/(expense) for the year/period

The Target Company's loss and total comprehensive expenses decreased from approximately HK$6.6 million for the year ended 31 December 2021 to approximately HK$2.1 million for the year ended 31 December 2022, which was mainly due to the Target Company turned a gross loss of approximately HK$1.7 million to a gross profit of approximately HK$1.8 million during the same period, for the reasons that one of the RMAA projects, the revenue of which would be recorded based on the actual value of works agreed and certified by the customer, incurred much costs at the initial stage which exceeded the project revenue during the year ended 31 December 2021.

The Target Company turned a loss and total comprehensive expenses to a profit and total comprehensive income of approximately HK$5.3 million from the year ended 31 December 2022 to the year ended 31 December 2023, primarily due to the increase in gross profit from approximately HK$1.8 million to approximately HK$9.7 million by approximately 4.4 times, as a result of higher gross profit margin from EV Consultancy services whereby the Target Company was able to leverage on its electrical and mechanical resources from existing manpower and equipments as compared to that of the provision of RMAA works.

The profit and total comprehensive income generated by the Target Company remained relatively stable as approximately HK$2.3 million and approximately HK$3.9 million for the six months ended 30 June 2023 and 2024, respectively.

Contingent liabilities

As at 31 December 2021, 2022, and 2023 and 30 June 2024, the Target Company did not have any contingent liabilities.

Liquidity and financial resources

As at 31 December 2021, 2022, 2023 and 30 June 2024, the bank borrowings of the Target Company was approximately HK$4.9million, HK$4.4 million, HK$3.7 million and HK$3.3 million respectively, which were supported by the SME Financing Guarantee Scheme executed by the Government of Hong Kong Special Administrative Region, which HKMC Insurance Limited provided full guarantee. As of the Latest Practicable Date, the bank loans are also secured by personal guarantees provided by the director of the Target Company.

Dividend

During the year ended 31 December 2021, a final dividend of HK$17.5 per share was declared to offset the amount due from a director of the Target Company amounted to HK$3,500,000.

During the six months ended 30 June 2024, an interim dividend of HK$67.5 per share was declared to offset the amount due from a director of the Target Company amounted to HK$13,500,000.

Foreign exchange risk

The Target Company is not exposed to foreign exchange risk as the Target Company's revenue are all generated from, and non-current assets are located in, Hong Kong. and all of its transactions are denominated in Hong Kong dollars, which is the functional currency of the Target Company. The Target Company currently does not have a foreign currency hedging policy.

Material acquisitions and disposals of subsidiaries and associated companies

The Target Company did not have any material acquisitions or disposal of subsidiaries and affiliated companies during the Reporting Period.

Gearing ratio

The gearing ratio of the Target Company, which is calculated by the bank borrowings plus trade and other payables divided by total capital, was approximately 2.38 times, 1.66 times, 1.0 times, and 2.64 times as at 31 December 2021, 2022 and 2023 and 30 June 2024, respectively.

Significant investments held

Save as disclosed, the Target Company does not have other significant investments nor any material acquisitions or disposal of subsidiaries and affiliated companies during the Reporting Period.

Risks and uncertainties

The primary risks associated with the Target Company include market conditions affecting construction industry, such as interest rate fluctuations and economic downturns which will be considered by the customers for the projects demand. We will actively monitor these risks and implement strategies to mitigate their impact post-acquisition.

Future plans and prospects

We are currently taking proactive steps to expand its business operations in order to maximise Shareholders' returns. We are optimistic about the prospects of the Group after the acquisition of the Target Company. The Directors are of the view that given the past performance and the reputation of the Target Company in the construction engineering industry in Hong Kong, the Acquisition will enable the Company to enhance its capacity and competitiveness to bid more tenders for larger project size. Further, with more resources being integrated into the Group, the Group is able to step towards the optimization of its business.

As at the Latest Practicable Date, the Target Company did not plan to make material investments or capital assets.

Conclusion

The acquisition of the Target Company is in line with the Company's strategy. The management discussion and analysis of the Target Company underscores the strategic rationale behind the Acquisition and highlights the potential for long-term value creation for our shareholders. The Target Company's track record and reputable project experience are expected to contribute to a positive outlook for the future financial performance and growth of the Group.

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular received from Valtech Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 31 August 2024 of the Target Company.

Valtech
Valuation Advisory

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Board of Directors
Unity Enterprise Holdings Limited
Unit 1002, 10/F, Billion Trade Centre
31 Hung To Road, Kwun Tong,
Kowloon, Hong Kong

12 December 2024

Dear Sir/Madam,

Valuation of Suntec Construction & Engineering Limited

In accordance with the instructions from Unity Enterprise Holdings Limited (the "**Company**"), we have been engaged by the Company to assist to determine the following subject of valuation as at 31 August 2024 (the "**Valuation Date**").

- Market Value of 100% Equity Interest in Suntec Construction & Engineering Limited (the "**Target Company**") as at the Valuation Date for the Company's transaction reference.

Our analyses are substantially based on the information provided to us by the existing management of the Company (the "**Management**"). It is our understanding that our analyses, and the subsequent appraised estimation of Market Value (as defined in the section of Standard and Basis of Value), will be used by the Management solely for their purpose of transaction reference only. Our analyses were conducted for the above stated purpose. As such, this report should not be used by the Company for any other purpose other than those that are expressly stated herein without our expressed prior written consent.

Our work was subject to section Statement of Limiting Conditions as described till the end of this report. The basis of value follows the definition of Market Value as stipulated in International Valuation Standards ("**IVS**"), premised on the Target Company being a "Highest and Best Use" basis.

The approaches and methodologies used in our work did not comprise an examination to ascertain whether the Company's presented financial information was constructed in accordance with generally accepted accounting principles. The objective of the aforesaid examination is of course to determine whether existing current financial statements or other financial information, historical or prospective, which are provided to us by the Management, are being expressed as a fair presentation of the Company's financial condition. As such, we express no opinion and accept no responsibility on the accuracy and/or completeness of the historical and projected financial information of the Company, and of the marketing materials or other data provided to us by the Management.

Our conclusion on Market Value does not constitute nor shall they be construed to be an investment advice or an offer to invest. Prior to making any decisions on any investments, a prospective investor should independently consult with their own investment, accounting, legal and tax advisers to critically evaluate the risks, consequences, and suitability of such investment.

SCOPE AND PURPOSE OF ENGAGEMENT

We were engaged by the Management to assist to determine the Market Value of the Target Company as at the Valuation Date. It is our understanding that our analysis will be used by the management of the Company solely for their transaction reference only.

STANDARD AND BASIS OF VALUE

This valuation was prepared on the basis of Market Value. In accordance with the IVS, Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. When appropriate, we might also make further reference to the Hong Kong Financial Reporting Standard 13 — Fair Value Measurement ("**HKFRS 13**"). The HKFRS 13 and IVS outline the general guidelines on the basis and valuation approaches used in valuation.

PREMISE OF VALUE

Premise of value relates to the concept of valuing a subject, i.e., a business, in a manner which would generate the greatest return to the owner, taking account what is physically tangible, financially feasible, and legally permissible. Premise of value includes the following scenarios:

Highest and Best Use:	is the use that would produce the highest and best use for an asset, and it must be financially feasible, legally allowed and result in the highest value;
Current Use/Existing Use:	is the current way an asset, liability, or group of assets and/or liabilities is used, maybe yet not necessarily the highest and best use;
Orderly Liquidation:	describes the value of a group of assets that could be realized in a liquidation sale, given a reasonable period of time to find a purchaser/(s), with the seller being compelled to sell on an as-is, where-is basis; and
Forced Sale:	is in circumstances where a seller is under compulsion to sell and that, as a consequence, a proper marketing period is not possible and buyers may not be able to undertake adequate due diligence.

After having reviewed all background and financial information and taken into consideration all relevant facts, valuation of the Target Company should be prepared on a "Highest and Best Use" basis.

LEVEL OF VALUE

Current valuation theories suggest that there are at least three basic "levels" of value applicable to a business or business interest. The three most common levels of value are as follows:

Controlling Interest:	Value of the controlling interest, always evaluate an enterprise as a whole;
Non-controlling Interest:	Value of the non-controlling interest of a business;
As if Freely Tradable Minority Interest:	Value of a minority interest, lacking control, but enjoys the benefit of market liquidity; and
Non-marketable Interest:	Value of a business that or business interest lacking market liquidity.

After having reviewed all background and financial information and take into consideration all relevant and objective facts, we reasonably believe the Target Company should be prudently valued and reported in this valuation as a Controlling Interest and Non-marketable Interest.

SOURCES OF INFORMATION

Our analysis and conclusion of opinion on value were based on continued discussions with, and having obtained pertinent key documents and records provided by the Management, and conducted certain procedures including but not limited to:

- Obtained audited financial report of the Target Company for the year ended 31 December 2021, 2022 and 2023 and for the six months ended 30 June 2023 and 2024;
- Obtained company profile of the Target Company;
- Obtained subcontractor agreement engaged by the Target Company and Shun Shing Construction Company Limited (信誠營造工程有限公司) dated 27 September 2022;
- Obtained the certificate of registration of electrical contractor dated 21 April 2022;
- Obtained the certificate of registration of general building contractor dated 4 May 2022; and
- Obtained the certificate of registration of specialist contractor dated 4 June 2021.

We have also relied upon publicly available information from sources in capital markets, including industry reports, news and various databases of publicly traded companies.

ECONOMIC OVERVIEW

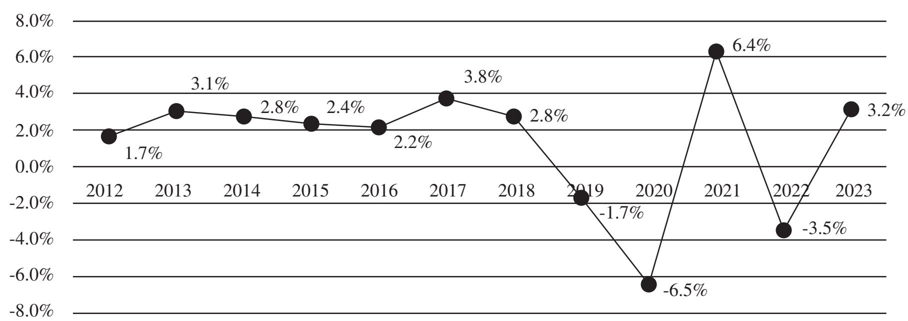
To substantiate the economic background of the country/region where the Target Company with principal place of business is located, we have reviewed the economic condition of Hong Kong where the Target Company will derive its future income from.

Hong Kong is widely recognized as the world's freest economy and most services-oriented economy, with services sectors accounting for more than 90% of Gross Domestic Product ("**GDP**"). Hong Kong is an important financial centre in the Asia Pacific and the 6th leading global financial centre, according to the Global Financial Centre Index. Hong Kong is also a global offshore RMB business hub and largest offshore RMB clearing centre sharing about 74% of the world's RMB payments.

Gross Domestic Product

Hong Kong's GDP grew by 3.2% year-on-year in real terms in 2023 and continued to record moderate growth in the first half of 2024, with real GDP increased by 2.8% and 3.3% year-on-year in the first and second quarter. Private consumption improved markedly with the support provided by the relaxation of COVID-19 restrictions and the disbursement of the first instalment of consumption vouchers. Externally, inbound tourism bounced back following the full resumption of cross-boundary travel, driving growth in Hong Kong's exports of services. For 2024, the growth outlook is subject to a number of risks and uncertainties, including those relating to the US policy rate path, the pace of the Mainland economic recovery, the prospects for global economic growth, and risks stemming from geopolitical tensions. International Monetary Fund ("**IMF**") forecasts the economy would grow by 2.9% and 2.7% in 2024 and 2025 respectively.

Figure 1 — Real GDP Growth in Hong Kong, 2012–2023



Source: World Economic Outlook Database (April 2024), IMF, Census and Statistics Department of HKSAR

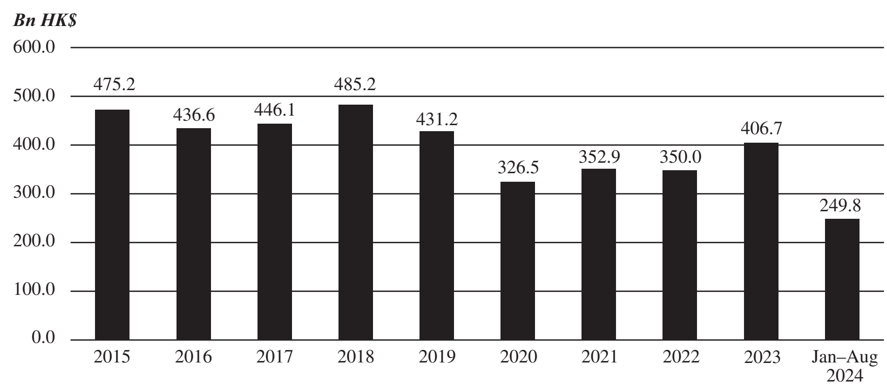
Table 1 — Real GDP Annual Growth Rate and Inflation Forecasts of Hong Kong

	2024F	2025F	2026F	2027F	2028F
Real GDP Annual Growth Rate (%)	2.9	2.7	2.6	2.6	2.6
Inflation (%)	2.3	2.3	2.4	2.5	2.5

Source: World Economic Outlook Database (April 2024), International Monetary Fund

Visitor arrivals have picked up especially after Mainland China's reopening since January 2023, and inbound tourism is still likely to take time to recover. The value of retail sales, in nominal terms, contracted by 7.7% year-on-year as at August 2024 over a year earlier.

Figure 2 — Retail Sales in Hong Kong, 2015–August 2024

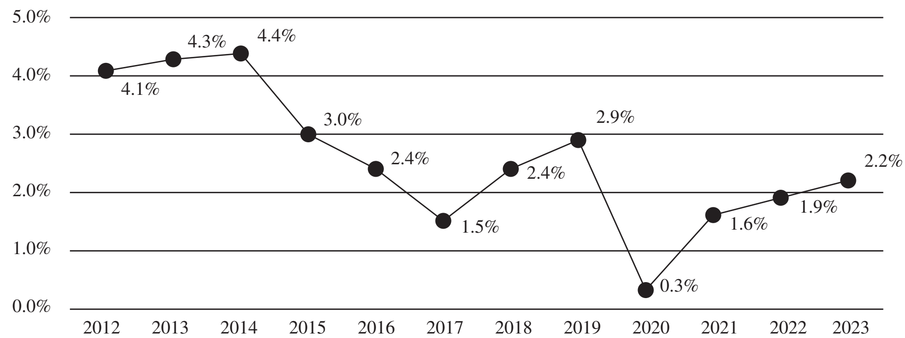


Source: Census and Statistics Department of Hong Kong

Inflation

The underlying inflation rate in Hong Kong remained modest at around 2.2% in 2023. On a year-on-year comparison, the underlying composite consumer price index ("**CCPI**") increased mildly by 1.0% in both the first and second quarters of 2024 respectively. In the near term, the domestic business costs may edge up given the upward pressures stemming from the economic recovery and improving labour market. Nevertheless, overall inflation is expected to stay moderate as the price pressures on the external front may recede further. The IMF projections for the inflation rates for 2024 and 2025 keep around 2.3%.

Figure 3 — Year-over-Year CPI Inflation in Hong Kong, 2012–2023

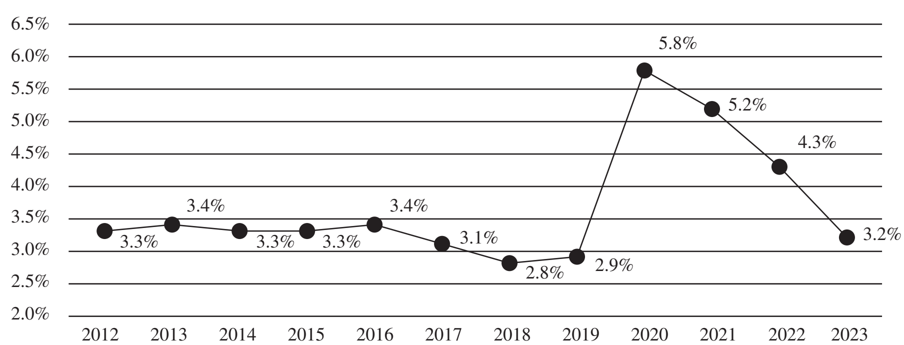


Source: World Economic Outlook Database (April 2024), International Monetary Fund

Labour Market Conditions

The labour market remained resilient, with the unemployment rate staying within the low range of 2.9%–3.0% over the past few months in 2024. The size of the labour force has grown slightly since March, but still remained below its pre-pandemic level. Looking ahead, labour demand is expected to be supported by the ongoing economy recovery. Meanwhile, the Government's various talent attraction initiatives and labour importation schemes will continue to help address manpower demand from different sectors, and rejuvenate the population by increasing the number of younger people.

Figure 4 — Unemployment Rate (Seasonally Adjusted) in Hong Kong, 2012–2023



Source: World Economic Outlook Database (April 2024), International Monetary Fund

Monetary Policy

The Hong Kong dollar softened during the review period amid risk-off sentiment in the local equity market and concerns over US monetary policy normalisation. With abundant Hong Kong dollar liquidity, the HIBORs continued to stay at low levels. Overall, the Hong Kong dollar exchange and money markets continued to trade in a smooth and orderly manner. In the near term, while the expectation of a stronger US dollar along with the Fed's hawkish shift in its monetary policy outlook, the pandemic and the rising geopolitical tensions may heighten the volatility in fund flows, Hong Kong is well-positioned to withstand the volatility given its ample foreign reserves and robust banking system.

Government Initiatives

The Financial Secretary, Mr. Paul Chan, unveiled his 2024–25 Budget on 28 February 2024. Below are some highlights:

- Estimated consolidated deficit of HK$101.6 billion for 2023/24 and forecast consolidated deficit HK$48.1 billion for 2024/25.

- Lift all demand-side management measures for residential properties with immediate effect. Further inject HK$500 million into the Branding, Upgrading and Domestic Sales (BUD Fund) and launch "BUD Easy" to expedite the processing of applications.

- Implement the 'patent box' tax incentive that reduces the tax rate for profits derived from qualifying IP to 5%.

- 40+ strategic enterprises are expected to bring about over HK$40 billion in investment to Hong Kong and create about 13,000 jobs.

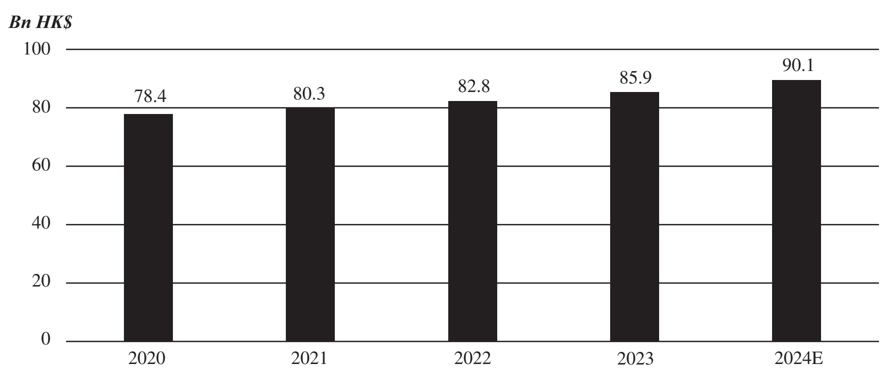
- Various funding and schemes to support the development of innovation and technology such as setup of AI Supercomputing Centre and Greater Bay Area International Clinical Trial Institute in Hetao.

- Proposed two-tiered standard rates regime for salaries tax and tax under personal assessment, which affects taxpayers with over HK$5 million net income.

INDUSTRY OVERVIEW

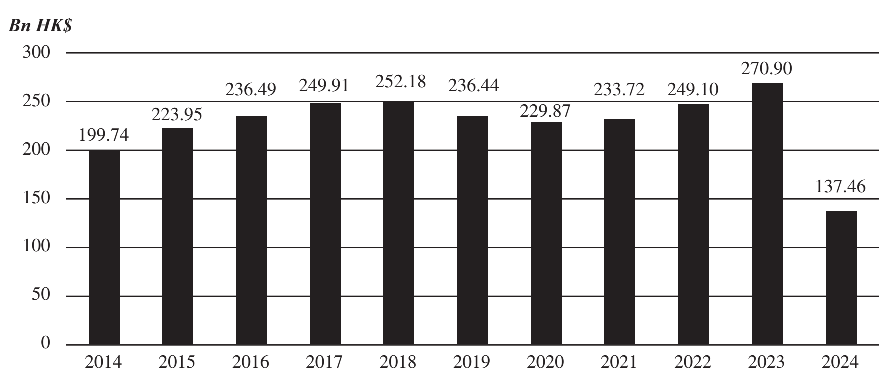
RMAA works are collectively known as repair, maintenance, alteration and addition works, which covers a wide variety of works and services commonly performed in existing buildings for upgrading and renovation purposes. Specifically, the market demand for RMAA works in Hong Kong is highly dependent on the mandatory requirement for inspection, repair, maintenance as well as alteration and addition works in aged buildings. It is usually quite common for RMAA contractors to employ casual workers as subcontractors in RMAA works market in Hong Kong to support the on-site works. The wage level of casual workers undertaking RMAA works is typically in line with the market rate of other RMAA workers employed by contractors. With the growing demand for RMAA works resulted from various mandatory inspection requirement such as Mandatory Building Inspection Scheme, revitalization and redevelopment of ageing buildings. According to Frost & Sullivan, it is estimated that the market size of RMAA works in Hong Kong increased at a CAGR of 3.5% during 2020 to 2024, reaching approximately HK$90.1 billion.

Figure 5 — Market size of RMAA Works in Hong Kong



Source: Frost & Sullivan

Figure 6 — Gross Value of Construction Works Performed by Main Contractors in Hong Kong



Source: Census and Statistics Department of Hong Kong

Market Drivers of RMAA Works Industry in Hong Kong

The development of RMAA industry is closely related to the construction industry as a whole, and the RMAA Industry is expected to benefit from the following market drivers:

1. **Trend of aging buildings and mandatory building inspection requirement**

As stipulated in the Mandatory Building Inspection Scheme, owners of buildings aged 30 years or above (except domestic buildings not exceeding three-storeys) and served with statutory notices are required to appoint a registered inspector to carry out the prescribed inspection and supervise the prescribed repair works found necessary of the common parts, external walls and projections or signboards of the buildings. According to Frost & Sullivan, there were over 1,000,000 private residential units aged over 20 years in Hong Kong in 2019. Furthermore, according to Urban Renewal Authority ("**URA**") and Buildings Department, the number of residential units aged more than 70 years is expected to increase from over 2,000 in 2018 to 326,000 by the year of 2046. Thus, the growing stock of ageing buildings and mandatory inspection contributes to sustained demand for RMAA works in Hong Kong.

2. **Accelerating urban renewal and supportive plans for redevelopment**

As estimated, there are approximately 9,300 private buildings aged 30 years or above in metro areas, including Kowloon, Tsuen Wan, Kwai Tsing and Hong Kong Island, as in 2018 and the Development Bureau estimates that the number of buildings over 30 years' old will increase by 50% in ten years' time. In order to improve the overall living conditions of residents in dilapidated urban areas and to address the issues of urban decay, the URA is tasked to take the lead in over 200 projects under the urban renewal program which involved approximately 126,000 residents and 32,000 units for redevelopment. On the other hand, the launch of "Operating Building Bright 2.0", a HK$3 billion worth subsidy scheme to provide direct technical and financial assistance to those private residential or composite buildings aged 50 or above for repair and maintenance, the demand for RMAA works in Hong Kong is expected to be bolstered over the next few years.

3. **Demand from renovation and revitalization of commercial and industrial buildings**

To preserve the value of buildings, regular renovation and maintenance works is required for commercial premises such as established office space and shopping malls in prime area and district. In view of the expansion of the PRC companies in Hong Kong, the demand for office space increased in recent years and developers are dedicated to upgrade or improve their commercial properties in order to attract and retain their tenants. The industrial buildings owners are also allowed to refurbish the buildings for other purposes under the waiver scheme offered by the Lands Department. As a result, the demand for RMAA works in commercial and industrial buildings are likely to increase in the coming years.

Potential Challenges of RMAA Works industry in Hong Kong

1. Shortage of labor and ageing workforce

As the RMAA works is labour-intensive in nature and there is sustained demand for RMAA workers, the ageing workforce may result in potential decline in productivity and substantial loss in skills transfer given the insufficient participation of young talents in the industry. Besides, the RMAA industry in Hong Kong may find difficulties in attracting new workers to the construction industry due to long work hours and challenging working conditions.

2. Increasing operation cost

The construction and RMAA industry have seen a high demand for labour and has seen a growing wage level given the shortfall between demand and supply of workers. The growing trend of labour cost is likely to continue in the coming few years. Besides, the price of glazed ceramic wall tiles and paint registered a mild growth in recent years, primarily due to the commencement of different building construction projects and hence, driving the demand for these materials.

3. Challenges of construction productivity and workplace safety

RMAA works is considered with a relatively higher risk than other trades, as RMAA works are generally conducted on aerial work platform or platform made of scaffolds on high-rise buildings, which may pose a potential threat on safety of workers. As a result, RMAA works contractors with capability of addressing the issues by undertaking proper measures in enhancing workplace safety and productivity through adoption of new scaffolding systems with strict implementation of other safety measures, as well as retention of skilled workers, are considered more competitive in RMAA works market.

COMPANY OVERVIEW

Unity Enterprise Holdings Limited

The Company is an investment holding company and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 2195). The Company and its subsidiaries are principally engaged in the repair, maintenance, alteration and addition ("**RMAA**") works.

Suntec Construction & Engineering Limited

The Target Company is a company and is incorporated in Hong Kong with limited liability and principally engaged in (i) provision of contracting services for civil engineering and building construction, including but not limited to building renovation works, constructing structural works, drainage works, plumbing works, building services works, roofing and waterproofing works, and interior fit-out works for various types of buildings, such as industrial buildings, office buildings, and residential buildings; and (ii) provision of advising and installation services for electronic vehicle charging system.

VALUATION METHODOLOGY OVERVIEW

The valuation of any asset can be broadly classified into one of the three approaches, namely the cost approach, the market approach and the income approach. In any valuation analysis, all three approaches must be considered, and the approach or approaches deemed most relevant will then be selected for use in the analysis of that asset.

Cost Approach

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain a business, business ownership interest, security, or intangible asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

Market Approach

The market approach provides an indication of value by comparing a business, business ownership interest, security, or intangible asset with identical or comparable (that is similar) subjects for which price information is available.

Value is established based on the principle of comparison. This simply means that if one thing is similar to another and could be used for the other, then they must be similar. Furthermore, the price of two alike and similar items should be approximates to one another.

Income Approach

This is a general way of determining the economic value of a business, business ownership interest, security, or intangible asset by using one or more methods that convert anticipated benefits into a present value amount.

In the income approach, an economic benefit stream of the asset under analysis is selected, usually based on historical and/or forecasted cash flow. The focus is to determine a benefit stream that is reasonably reflective of the asset's most likely future benefit stream. This selected benefit stream is then discounted to present value with an appropriate risk-adjusted discount rate. Discount rate factors often include general market rates of return at the Valuation Date, business risks associated with the industry in which the company operates, and other risks specific to the asset being valued.

Selected Valuation Approach

Methodology Analysis	Reason for Applying or not Applying
Cost Approach is Rejected	• The Target Company has commenced its operation since 2000 with track record of earnings in 2023 and 2024 (up to the Valuation Date). Its profiting nature and unique background makes it not easily replaced or reproduced from other market participants.
Market Approach is Accepted	• The market approach refers to the market indication of valuation based on public information available to all market participants. Compared to the income approach, the market approach makes less reliance on management assumptions but more on market expectations. For the Target Company as a profitable business (but with high projection uncertainty), it is more appropriate to use the market approach which reflects the market participant's current assessment without material management assumptions on projections.
	• There are sufficient Guideline Publicly-traded Comparable companies available in the market which facilitate a meaningful comparison and provide inputs for determining the valuation multiple. As such, the Guideline Publicly-traded Comparable Method under the Market Approach is applied and considered as appropriate and reliable. Further explanations are made under the section "APPLICATION OF MARKET APPROACH".
Income Approach is Rejected	• The income approach is commonly adopted to value a business with stable track record and low projection uncertainty. However, given that the Target Company is driven by project-based business, any business projection might be based on significant management assumptions (e.g. synergy with the existing and prospective management, plans on capital expenditure, financing and operating assumptions). As such, the income approach is not accepted for valuing the Target Company, especially when the Market Approach is more practical and reliable.

GENERAL ASSUMPTIONS

A number of general assumptions were established to sufficiently support our conclusion of valuation. The general assumptions adopted in this valuation are:

- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the existing political, legal, commercial and banking regulations, fiscal policies, foreign trade and economic conditions in countries/regions where the Target Company currently operates in and in new markets that the Target Company may potentially expand into as proposed by Management;

- There are no deviations, the aggregate of which when viewed together, may be construed to be a material adverse change in industry demand and/or market conditions;

- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the fluctuation of interest rates or currency exchange rates in any country which would be deemed to have a negative impact or the ability to hinder the existing and/or potentially future operations of the Target Company;

- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the current laws of taxation in those countries in which the Target Company operates in or the Target Company may potentially operate in;

- All relevant legal approvals, business certificates, trade and import permits, bank credit approval have been procured, in place and in good standing prior to commencement of operations by the Target Company under the normal course of business;

- The Target Company will be able to retain existing and competent management, key personnel, and technical staff to support all facets of the ongoing business and future operations; and

- Trademarks, patents, technology, copyrights and other valuable technical and management knowhow will not be infringed in countries/regions where the Target Company is or will be carrying on business.

APPLICATION OF MARKET APPROACH

Principle of Market Approach

Under the Market Approach, the value of the Subjects of Valuation can be determined based on its (i) Most Recently Traded or Transacted Prices, (ii) Guideline Publicly-traded Comparable Method and, (iii) Comparable Transactions Method. The three valuation methods under the Market Approach are further discussed and selected below.

Recent Traded or Transacted Prices

Recent Traded or Transacted Prices of the exact same subject asset can provide the most objective indication of value or valuation multiple of the subject asset. Reliance on recent prices is the most intuitive way of price discovery in the marketplace under ordinary situations. The method is usually applied to value publicly traded companies and private companies with recent funding rounds on an arm's length basis. Apart observing the traded and transacted prices, further analyses on market activity have to be carried out to determine whether the subject asset can be purchased or sold in the same manner as the observed recent trades and transactions in the current marketplace.

Guideline Publicly-traded Comparable Method

Under the Guideline Publicly-traded Comparable ("**GPTC**") Method, the value is derived from last trading multiples of a selected set of Guideline Publicly-traded Comparable companies (the "**Comparable Companies**"). Trading multiples, which are measures of relative value, are computed by dividing the market capitalisations (or sometimes enterprise value) of the Comparable Companies by some identified value-driving economic variable(s) observed or calculated from their latest published fundamental data, being typically their financial metrics (such as revenue, earnings before interests and taxes, net profit, book equity) or other industry-specific value drivers as at the Valuation Date. A typical challenge in applying the GPTC Method is to identify a sufficient pool of relevant and sufficient Comparable Companies that are comparable to the Target Company in terms of their business models, underlying business risks and prospects.

Comparable Transactions Method

The Comparable Transactions Method ("**CTM**") drives value from observing the acquisition multiples at which sizable stakes of the similar companies were transacted between independent and informed willing buyers and sellers. Similar to the GPTC Method, the CTM determines the acquisition multiples from dividing the considerations transferred in comparable acquisitions by the relevant value-driving financial or industry-specific indicators. Application of CTM is typically subject to further limitations:

- Limited occurrence of recent comparable transactions;
- Availability and quality of public disclosure on transactions between private investors; and
- Limited information on the arm's length nature of the transactions.

Concluded Method under the Market Approach

Given the above considerations, we have only accepted the Guideline Publicly-traded Comparable Method. The following exhibit elaborates our selection and rejection reasons of the 3 methods under the Market Approach.

Summary of Selected Methods and Reasons

Methods under Market Approach	Application	Reasons
Recent Traded or Transacted Prices	Rejected	No reliable recent trades and transactions identified.
Guideline Publicly-traded Comparable Method	Accepted	A reliable pool of Comparable Companies identified with sufficient and reliable financial data disclosed.
Comparable Transactions Method	Rejected	No reliable pool of comparable transactions identified with sufficient and reliable financial data disclosed.

Under the Guideline Publicly-traded Comparable Method, value of the Target Company is determined based on its comparable peers' trading multiples. This principle is addressed by the valuation method to be discussed below.

Selection of the Valuation Metrics

The Target Company has a track record of earnings. As such, the most relevant and reliable financial metrics is its net earnings, and thus the corresponding valuation multiple selected is the price-to-earnings ("**P/E**") ratio. The enterprise value-to-sales ratio and price-to-book ratio are considered but rejected as both ratios fail to capture the historical profitability of the business.

P/E ratio is a widely used valuation multiple for valuing a company with reliable earning record based on valuations of companies with similar earnings, risk and growth potential. The Target Company is well-established and supported with profitable track record, the P/E ratio of similar companies can provide insights on how the market perceives the profitability and growth potential of business with similar nature. Therefore, P/E ratio is computed to derive a comprehensive analysis.

Selection of the Comparable Companies

The application of the GPTC Method depends on the selection of the Comparable Companies that shared sufficient similarities to underlying business of the Target Company so as to provide meaningful comparisons. We exercised due care in the selection of the Comparable Companies by using multiple screening criteria in deciding whether or not the business model of a particular Comparable Companies is relevant.

The Target Company is principally engaged in the provision of repair, maintenance, alteration and addition works and revenue was generated from Hong Kong. Our selection criteria and a list of the selected 21 Comparable Companies have been discussed as follows.

In selecting the Comparable Companies, we considered multiple screening criteria, including but not limited to, business description of the potential companies, in terms of lines of business by segments, primary operating location, operating and financial performance. In order to comprise a representative set of Comparable Companies to derive the valuation result, we performed our comparable search based on the following processes in the selection of the Comparable Companies.

The selection is mainly based on the searching through Bloomberg terminal and online searching. Criteria have to be set to ensure similarity between the Comparable Companies and the Target Company as follow:

- Principal business: Engaged in repair, maintenance, alteration and addition works and related services (largest segment and over 50%);

- Principal location of operation: main business is operated in Hong Kong (largest revenue and over 50% by location); and

To compute quantitative screen, we have referred to the largest revenue percentage of the Target Company by products and geographical location segment.

We have initiated our comparable search based on the above selection criteria. A pool of 21 related companies that are operating in similar principal activity, geographic operation segment and product mix as the Target Company were identified. We consider the list of Comparable Companies is exhaustive based on our research and selection criteria on a best-effort basis. The comparable pool has represented a complete comparable pool sufficient to form a fair and reasonable valuation opinion. The following list shows the Comparable Companies that we have identified in connection with this valuation.

#	Company Description	Principal Business Nature	Location
1	**Smart City Development Holdings Ltd. (8268 HK Equity)** Smart City Development Holdings Limited operates as a general contractor for construction contracting business. The Company involves in building construction work, electrical and mechanical (E&M) installation, and fitting-out works. Smart City Development Holdings conducts businesses in Hong Kong and China.	Construction contracting: 99% Money lending: 1%	Hong Kong
2	**Superland Group Holdings Limited (368 HK Equity)** Superland Group Holdings Limited provides providing fitting-out and maintenance services. The Company provides interior decorative parts upgrade, restoration improvement, repair, replacement installation, and other services. Superland Group Holdings offers services in Hong Kong.	Fitting-out service: 99% Repair and maintenance service: 1%	Hong Kong
3	**Allurefem Holding Ltd (8305 HK Equity)** Allurefem Holding Ltd is an investment holding company primarily provides engineering services. The Company engages in repair, maintenance, alteration and addition (RMAA) works, as well as construction related services such as noise mitigation, architectural metalwork, and installation of cathodic protection systems. Allurefem Holding serves customers in Hong Kong.	RMAA: 100%	Hong Kong
4	**China Supply Chain Holdings Limited (3708 HK Equity)** China Supply Chain Holdings Limited operates as a building maintenance and renovation service provider in Hong Kong. The Company offers maintenance, improvement and vacant flat refurbishment for public housing estates, public facilities and other public properties in Hong Kong. China Supply Chain Holdings provides services in Hong Kong	Maintenance: 91% Renovation: 9%	Hong Kong

#	Company Description	Principal Business Nature	Location
5	**Coolpoint Innonism Holding Limited (8040 HK Equity)** Coolpoint Innonism Holding Limited provides fitting-out and renovation services. The Company offers residential apartments interior fitting out, commercial buildings renovation, and other services. Coolpoint Innonism Holding provides services in Hong Kong.	Fitting out: 74% Renovation: 25% Reconciliation: 1%	Hong Kong
6	**Chi Ho Development Holdings Limited (8423 HK Equity)** Chi Ho Development Holdings Limited operates as a contractor for the provision of RMAA and fitting-out works services. The Company provides renovation, maintenance, alternation, and addition works and services.	RMAA: 88% Mixed project: 10% New capital works: 2%	Hong Kong
7	**China Come Ride New Energy Group Limited (8039 HK Equity)** China Come Ride New Energy Group Limited operates as an architectural and structural engineering consultancy service provider. The Company provides a range of services that includes licensing, alteration and minor works, inspection, certification, and other architecture related consultancy. China Come Ride New Energy Group serves customers in Hong Kong.	Architectural and structural engineering: 100%	Hong Kong
8	**Unity Enterprise Holdings Limited (2195 HK Equity)** Unity Enterprise Holdings Limited offers engineering services. The Company provides building repair, maintenance, and alteration services. Unity Enterprise Holdings conducts businesses in Hong Kong.	RMAA: 100%	Hong Kong
9	**Aeso Holding Limited (8341 HK Equity)** Aeso Holding Limited provides fitting-out and renovation contracting services. The Company offers construction of commercial and residential premises including alteration and addition, as well as construction planning, coordination, monitoring, and supervision services. Aeso Holding serves customers in Hong Kong.	Fitting-out: 61% Renovation: 39%	Hong Kong
10	**Able Engineering Holdings Limited (1627 HK Equity)** Able Engineering Holdings Limited provides construction services. The Company offers building construction, interior designing, maintenance, fitting out, addition, alternation, and conversion. Able Engineering Holdings serves public and private sectors in Hong Kong.	Construction service: 100%	Hong Kong

#	Company Description	Principal Business Nature	Location
11	**Royal Century Resources Holdings Limited (8125 HK Equity)** Royal Century Resources Holdings Limited is a design and fitting-out business. The Company provides design, project implementation, and procurement management of furnishings and materials.	Design, fitting-out and engineering: 82% Leasing of construction equipment: 15% Wine trading: 2% Financial services: 1%	Hong Kong
12	**SOCAM Development Limited (983 HK Equity)** SOCAM Development Limited operates as a construction and property management services. The Company specializes in new constructing projects such as public housing flats, community facilities, commercial buildings, healthcare, cultural establishments, and recreational infrastructure properties, as well as provides maintenance services. SOCAM Development serves customers in Hong Kong.	Construction and building maintenance: 96% Property: 4%	Hong Kong
13	**Sunray Engineering Group Limited (8616 HK Equity)** Sunray Engineering Group Limited provides building maintenance services. The Company offers waterproofing works, fire protection, and other related activities. Sunray Engineering Group serves customers in Hong Kong.	Provision of building protection work: 73% Supply of building protection product: 27%	Hong Kong
14	**Wing Fung Group Asia Limited (8526 HK Equity)** Wing Fung Group Asia Limited manufactures mechanical ventilation and air conditioning building products. The Company produces and sells mechanical ventilation and air conditioning systems and other products. Wing Fung Group Asia also provides installation and fitting out services.	Construction contracts: 100%	Hong Kong
15	**Thelloy Development Group Limited (1546 HK Equity)** Thelloy Development Group Limited provides constructions and RMAA works. The Company serves government and non-government organizations. Thelloy operates in Hong Kong.	Repair, Maintenance, Alteration & Addition (RMAA) Works: 73% Building Construction: 17% Design & Build: 10%	Hong Kong
16	**Gain Plus Holdings Limited (9900 HK Equity)** Gain Plus Holdings Limited offers building construction services. The Company provides buildings general upkeep, restoration, improvement, and other services. Gain Plus Holdings offers services in Hong Kong.	RMAA Services: 74% Building Construction Services: 26%	Hong Kong

#	Company Description	Principal Business Nature	Location
17	**Dimmi Life Holdings Limited (1667 HK Equity)** Dimmi Life Holdings Limited operates as a homebuilder. The Company builds and sells single family houses, apartments, prefabricated houses, and other buildings. Dimmi Life Holdings also provides personal care products development, housing renovation, building decoration, and other services in Hong Kong.	Construction & Engineering Service: 80% Lifestyle Products: 15% Property Development and Investment: 5%	Hong Kong
18	**Rongzun International Holdings Group Ltd (1780 HK Equity)** Rongzun International Holdings Group Limited operates as a holding company. The Company, through its subsidiaries, provides fabrication, modification, installation, erection, relocation, and removal of partitions, doors, windows, and flooring materials, as well as offers site formation and civil engineering services. Rongzun International Holdings Group conducts business in Hong Kong.	Alteration & Addition Works: 56% Civil Engineering Works: 44%	Hong Kong
19	**Metaspacex Ltd. (1796 HK Equity)** Metaspacex Limited provides engineering services. The Company offers buildings interior renovation, makeovers, demolition, and other services. Metaspacex provides services in Hong Kong.	Decoration Engineering Services: 100%	Hong Kong
20	**FDB Holdings Limited (1826 HK Equity)** FDB Holdings Limited provides contracting and consulting services. The Company offers alteration, construction and project management, maintenance, MEP system design, licensing, architectural designing, and other services. FDB Holdings serves customers in Hong Kong.	Contracting Services: 100%	Hong Kong
21	**Wai Hung Group Holdings Limited (3321 HK Equity)** Wai Hung Group Holdings Limited operates as a holding company. The Company, through its subsidiaries, provides fitting-out services for casinos, retail areas, hotels, restaurants, commercial properties, and residential properties along with repair and maintenance services. Wai Hung Group Holdings serves customers in Asia.	Fitting-Out Services: 100%	Hong Kong

Computation of the Valuation Multiple

Once we have identified the set of Comparable Companies and made necessary adjustments to their financial information, if any, the next step is to compute their P/E multiples on a reliable and consistent approach across all Comparable Companies.

#	Stock Code	P/E
1	8268 HK	(net loss)
2	368 HK	9.17
3	8305 HK	(net loss)
4	3708 HK	*Note^*
5	8040 HK	(net loss)
6	8423 HK	4.08
7	8039 HK	(net loss)
8	2195 HK	(net loss)
9	8341 HK	1.37
10	1627 HK	4.41
11	8125 HK	(net loss)
12	983 HK	(net loss)
13	8616 HK	(net loss)
14	8526 HK	(net loss)
15	1546 HK	12.90
16	9900 HK	23.73
17	1667 HK	(net loss)
18	1780 HK	(net loss)
19	1796 HK	(net loss)
20	1826 HK	(net loss)
21	3321 HK	(net loss)

*Note^*: The Comparable Company just turned into thin profit in the most recent published financial period, its high P/E multiple of 14x was excluded to prudently avoid distortion on conclusion.

The summary statistics of the derived P/E multiples from Comparable Companies is listed as follows.

As at 31 August 2024	**P/E**
Number of valid valuation multiple	6
High	23.73
Upper quartile	11.97
Mean	9.28
Median	**6.79**
Lower quartile	4.16
Low	1.37
Standard deviation	8.19
Coefficient of variance	0.88

Determination of Valuation Result

The trailing 12-month net profit of the Target Company is derived by summing up the audited 6-month net profit ended 30 June 2024 and the audited full year net profit ended 31 December 2023, and then subtracting the unaudited 6-month net profit ended 30 June 2023. The trailing 12-month net profit is the latest available financial information of the Target Company as of the Valuation Date, as such it is considered to be fair and reasonable to adopt in the valuation. The Market Value of the Target Company as at the Valuation Date is summarized as follow:

Selected Multiple		**P/E**
Adopted multiple (rounded)		6.79x
Net Profit of the Target Company		6,906,000
Estimated equity valuation		46,891,740
Add: Control premium ("**CP**")	15.6%	7,329,755
Implied valuations before DLOM		54,221,495
Less: Discount for lack of marketability ("**DLOM**")	-15.7%	(8,512,775)
Implied Market Value of the Target Company		45,708,720

CONTROL PREMIUM

Control Premium (sometimes referred to as Market Participant Acquisition Premiums or MPAPs) are applied to reflect differences between the comparables and the Target Company with regard to the ability to make decisions and the changes that can be made as a result of exercising control. All else being equal, participants would generally prefer to have control over a subject asset than not. However, participants' willingness to pay a CP will generally be a factor of whether the ability to exercise control enhances the economic benefits available to the owner of the Target Company. CP may be quantified using any reasonable method, but are typically calculated based on either an analysis of the specific cash flow enhancements or reductions in risk associated with control or by comparing observed prices paid for controlling interests in publicly-traded securities to the publicly-traded price before such a transaction is announced.

In this case, we have made reference to the 2024 Factset Review to arrive at CP of 15.6%.

DISCOUNT FOR LACK OF MARKETABILITY

A DLOM reflects the concept that when comparing otherwise identical assets, a readily marketable asset would have a higher value than an asset with a long marketing period or restrictions on the ability to sell the asset. For example, publicly-traded securities can be bought and sold nearly instantaneously while shares in a private company may require a significant amount of time to identify potential buyers and complete a transaction. Many bases of value allow the consideration of restrictions on marketability that are inherent in the subject asset but prohibit consideration of marketability restrictions that are specific to a particular owner. DLOMs may be quantified using any reasonable method, but are typically calculated using option pricing models, studies that compare the value of publicly-traded shares and restricted shares in the same company, or studies that compare the value of shares in a company before and after an initial public offering.

In this case, we have made reference to the 2023 Edition Stout Restricted Stock Study to arrive at DLOM of 15.7%.

STATEMENT OF LIMITING CONDITIONS

This valuation report relies upon the following contingent and limiting conditions:

1. We assume no responsibility for the legal matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed good and marketable.

2. The business interest and subject business assets have been valued free and clear of any liens or encumbrances unless stated otherwise. No hidden or apparent conditions regarding the subject business assets or their ownership are assumed to exist.

3. All information provided by the client and others is thought to be accurate. However, we offer no assurance as to its accuracy.

4. Unless stated otherwise in this report, we have assumed compliance with the applicable local laws and regulations.

5. Absent a statement to the contrary, we have assumed that no hazardous conditions or materials exist which could affect the Target Company or its assets. However, we are not qualified to establish the absence of such conditions or materials, nor do we assume the responsibility for discovering the same.

6. The report may not fully disclose all the information sources, discussions and business valuation methodologies used to reach the conclusion of value. Supporting information concerning this report is on file with our company.

7. The valuation analysis and conclusion of value presented in the report are for the purpose of this engagement only and are not to be used for any other reason, any other context or by any other person except the client to whom the report is addressed.

8. The opinion of value expressed in this report does not obligate us attend court proceedings with regard to the subject business assets, properties or business interests, unless such arrangements have been made previously.

9. Possession of this report does not imply a permission to publish the same or any part thereof. No part of this report is to be communicated to the public by means of advertising, news releases, sales and promotions or any other media without a prior written consent and approval by us.

10. This report is valid only for the date specified herein.

CONCLUSION OF VALUE

In conclusion, based on the analyses as fully described in this valuation report and the valuing methodologies which we have employed, we are of the opinion that the Market Value of Suntec Construction & Engineering Limited as at 31 August 2024 is as follows.

Subject of Valuation	**Valuation Result**
Market Value of 100% Equity Interest in Suntec Construction & Engineering Limited as at 31 August 2024	HK$45,700,000

The opinion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor any prospective interests in the subject under valuation. Moreover, we have neither personal interests nor any bias with respect to the any of the parties involved.

This valuation report is issued subject to our general service conditions.

Yours faithfully,
For and on behalf of
VALTECH VALUATION ADVISORY LIMITED

INVOLVED STAFF BIOGRAPHY

Jimmy Wong, *CPA, CFA, FRM, MFin, ABV (AICPA)*

Mr. Wong has solid experience in providing corporate valuation advisory and related consulting services in the past 15 years. Before joining Valtech Valuation, he gained rich exposure in valuation and related party transfer pricing consulting at a Big 4 accounting firm and a renowned valuation advisory group. Mr. Wong has led and signed off hundreds of valuations for a broad clientele, including private equity and venture capital funds, publicly listed and private groups, and state-owned enterprises, meeting the purpose of financial reporting, portfolio valuations, public listing and transactions, strategic restructuring, fundraising, litigation and dispute resolution, global tax compliance.

Throughout his career, Mr. Wong has gained client trust through navigating numerous challenging valuation agenda for high-profile projects led by renowned conglomerates, enterprises and organisations, and many listed groups in Hong Kong. His covers industries such as technology, media, and telecommunications, power utilities and renewable energy, automotive, banking and brokerage, venture capitalist and startups, biological and mining assets. Mr. Wong is awarded a lifetime member of the Beta Gamma Sigma Honour Society for his commitment on academic excellence in finance.

Keith Lui, *CFA, FRM*

Mr. Lui is a bachelor of science in quantitative finance and risk management science in university and has been working in the professional valuation field since 2013. Mr. Lui has been joining in business valuation industries for private and listed companies for the purposes of financial reporting, initial public offerings, mergers and acquisitions and financing since graduation. The scope of services includes business valuation, intangible asset valuation and financial instruments valuation.

He has participated in many representative projects, such as valuation of metal mining and processing in the PRC, oil and gas extraction in the United States and Canada, logistic hub in Singapore, container port in Brazil and household cleaning products in the United Kingdoms.

Bobby Zhu

Bobby Zhu has valuation experiences in various industries including but not limited to clean energy, manufacturing, utility and infrastructure, mining, etc. Prior to joining Valtech Valuation, he worked in another sizeable valuation firm where he participated in many business valuation projects to support clients for the purpose of financial reporting, mergers and acquisitions. He has also gained experience in performing valuation of projects for State-owned Assets Supervision and Administration Commission of the State Council (SASAC) filing in the PRC. Earlier to that, he worked as Corporate Financial analyst in Sony and Dell and Corporate Auditor in Natuzzi China. Bobby earned his Financial Management Degree from Shanghai University of Finance & Economics.

GENERAL SERVICE CONDITIONS

The service(s) we provide will conform to the professional appraisal standard. The proposed service fee is not contingent in any way upon our conclusions of value or result. All the data provided to us are assumed to be accurate without independent verification. As an independent contractor, we have and will reserve the right to use subcontractors. Furthermore, we have the right to retain all files, working papers or documents developed by us during the engagement for as long as we wish, which will also be our property.

The report we prepare is prohibited for any other use but only for the specific purpose stated herein. No reliance may be made by any third party on the report or part thereof without our prior written consent. The report along with this General Services Conditions could be shown to the third parties who need to review the information contained herein.

No one should rely on our report as a substitute for their own due diligence. No reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent. You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including all fees of lawyers, including ours and the parties successfully suing us, to which we may become subject in connection with this engagement except in respect of our own negligence. Your obligation for indemnification and reimbursement shall extend to any of our management and employees, including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with this engagement, regardless the nature of the claim, such liability will be limited to the amount of fees we received for this engagement.

We will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative processes or proceedings. Meanwhile, we reserve the right to include your company/firm name in our client list.

The conditions stated in this section can only be modified by written documents executed by both parties.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(i) Long positions in Shares and underlying shares of the Company and its associated corporation

As at the Latest Practicable Date, none of the Directors and chief executive of the Company nor their associates had any interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would have to be 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 each of them has taken or deemed to have taken under the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein, or which would be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in Appendix C3 to the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange as at the Latest Practicable Date.

(ii) Substantial Shareholders'/other persons' interests and short positions in the Shares and underlying shares of the Company

As at the Latest Practicable Date, the following persons (other than the Directors and the chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to provision of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept under section 336 of the SFO:

Long positions in the Shares

Name of shareholder	Capacity/Nature of interest	Number of Shares held/ interested	Percentage of interest
Harvest Land Company Limited *(Note 1)*	Beneficial owner	525,000,000	44.70%
Mr. Yeung Wing Sun *(Note 1)*	Interest in controlled corporation	525,000,000	44.70%
Ms. Yu So Yin	Interest of spouse	525,000,000	44.70%
Ms. Yui Cheung Yung	Beneficial owner	100,000,000	8.51%
Mr. Leung Yuen Keung	Interest of spouse	100,000,000	8.51%

Notes:

1. Harvest Land is beneficially owned as to 100% by Mr. Yeung Wing Sun. Mr. Yeung Wing Sun 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 44.70% of the issued share capital of the Company. Mr. Yeung Wing Sun 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 Wing Sun. Accordingly, Ms. Yu So Yin is deemed to be interested in all the Shares in which Mr. Yeung Wing Sun is interested under the SFO.

3. Mr. Leung Yuen Keung is the spouse of Ms. Yui Cheung Yung. Accordingly, Mr. Leung Yuen Keung is deemed to be interested in all the Shares in which Ms. Yui Cheung Yung is interested under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware that there was any person (not being a Director or chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying shares 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 and was recorded in the register kept by the Company pursuant to section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which will not expire or is not determinable by the Group within one (1) year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTEREST IN CONTRACTS, ARRANGEMENTS AND ASSETS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or his or her respective close associates was considered to have an interest in a business which competes or was likely to compete, either directly or indirectly, with the business of the Group other than those business to which the Directors or his or her close associates were appointed to represent the interests of the Company and/or the Group.

6. EXPERTS' QUALIFICATIONS AND CONSENTS

The followings are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	Qualification
OOP CPA & Co.	Certified Public Accountants under Professional Accountant Ordinance (Cap. 50 of Laws of Hong Kong) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap. 588 of Laws of Hong Kong)
Valtech Valuation Advisory Limited	Independent professional valuer

The above experts have given and has not withdrawn their written consent to the issue of this circular with the inclusion herein of their letter(s), report(s), opinion (as the case may be) and references to its name and logo in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts:

(a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and

(b) did not have any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 December 2023), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. MATERIAL CONTRACTS

No material contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the date of this circular and up to the Latest Practicable Date and are or may be material.

9. GENERAL

(a) The company secretary of the Company is Ms. Leung Sau Fong. Ms. Leung is a member of Hong Kong Institute of Chartered Secretaries.

(b) The registered office of the Company is at 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands.

(c) The head office and principal place of business in Hong Kong of the Company is at Unit 1002, 10/F, Billion Trade Centre, 31 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

(d) The address of the Company's branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(e) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the respective website of the Company (www.hongdau.com.hk) and the Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this circular:

(a) the Sale and Purchase Agreement;

(b) the reports on the audited financial information of the Target Company for the three years ended 31 December 2021, 2022 and 2023 and the audited financial information of the Target Company for the six months ended 30 June 2024, the text of which is set out in Appendix II to this circular;

(c) the report on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix III to this circular;

(d) the valuation report of the Target Company prepared by Valtech Valuation Advisory Limited dated 31 August 2024, the text of which is set out in Appendix V to this circular;

(e) the consent letters referred to in the paragraph headed "Qualifications and Consents of Experts" in this Appendix; and

(f) this circular.

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)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**Meeting**") of Unity Enterprise Holdings Limited (the "**Company**") will be held at Unit 1002, 10/F, Billion Trade Centre, 31 Hung To Road, Kwun Tong, Kowloon on 8 January 2025 (Wednesday) at 11:00 a.m., to consider, if thought fit, pass with or without modifications the following as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. "**THAT**:

   (a) the sale and purchase agreement dated 22 October 2024 entered into among Keybase Assets Limited, Mr. Yau Chung Chor and Suntec Construction & Engineering Limited (the "**Sale and Purchase Agreement**") (a copy of which has been produced to the Meeting and initialed by the chairman of the Meeting for identification purpose), the transaction contemplated thereunder and any other ancillary documents, be and are hereby confirmed, approved and ratified, subject to such addition or amendment as any director(s) of the Company (the "**Director(s)**") may consider necessary, desirable or appropriate; and

   (b) any Director be and is hereby authorised for and on behalf of the Company to, amongst others, sign, execute and deliver or to authorise the signing, execution and delivery of all such documents and deeds, to do or authorise doing all such acts, matters and things as he/she may in his/her discretion consider necessary, expedient or desirable to give effect to and implement the Sale and Purchase Agreement and any ancillary documentation and the transaction contemplated thereunder."

By Order of the Board
Unity Enterprise Holdings Limited
Chan Leung
Chairman and Executive Director

Hong Kong, 12 December 2024

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

Head office and principal place of business in Hong Kong:
Unit 1002, 10/F
Billion Trade Centre
31 Hung To Road
Kwun Tong, Kowloon
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote in his stead. A member who is the holder of two or more shares in the Company (the "**Shares**") may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company.

2. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, personally or by proxy, that one of the said persons so present whose name stands first in the register in respect of such Shares shall alone be entitled to vote in respect thereof.

3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorized, and must be deposited with the Hong Kong branch share registrar and transfer office (the "**Branch Share Registrar**") of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) by 11:00 a.m. on 6 January 2025 or not less than 48 hours before the time fixed for holding of the Meeting (or any adjournment thereof).

4. The register of members of the Company will be closed from 3 January 2025 (Friday) to 8 January 2025 (Wednesday) (both days inclusive), during which period no transfer of the Shares will be effected. In order to qualify for attending the Meeting or any adjournment thereof, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Branch Share Registrar at the above address by no later than 4:30 p.m. on 2 January 2025 (Thursday).

5. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the Meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

6. The Company reminds all shareholders that physical attendance in person at the Meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the Meeting as their proxy to vote on the relevant resolutions at the Meeting instead of attending the Meeting in person, by completing and return the form of proxy.

7. If any shareholder chooses not to attend the Meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question or matter in writing to the head office and principal place of business in Hong Kong of the Company or by fax at 2111 0892. If any shareholder has any question relating to the Meeting, please contact Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar as follows:

   Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

8. If a tropical cyclone warning signal No. 8 or above or "extreme conditions" caused by typhoons is hoisted or a black rainstorm warning signal is in force at any time after 8:00 a.m. (Hong Kong time) on the date of the Meeting, the Meeting will be adjourned or postponed in accordance with the second amended and restated articles of association of the Company. The Company will post an announcement on the respective websites of the Stock Exchange at www.hkexnews.hk and the Company at www.hongdau.com.hk to notify the Shareholders of the date, time and venue of the rescheduled Meeting.

9. This notice is prepared in both English and Chinese. In the event of inconsistency, the English text of the notice shall prevail over the Chinese text.