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Unity Enterprise Holdings Limited

盈滙企業控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2195)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

ANNUAL RESULTS HIGHLIGHTS

- Revenue increased by approximately 37.7% to approximately HK\$151.5 million for the year ended 31 December 2024 (2023: approximately HK\$110.0 million).
- The Group incurred a gross loss of approximately HK\$1.5 million for the year ended 31 December 2024 (2023: approximately HK\$16.6 million).
- The Group recorded a loss attributable to owners of the Company of approximately HK\$27.0 million for the year ended 31 December 2024 (2023: approximately HK\$29.4 million).
- Basic loss per share was approximately HK2.41 cents for the year ended 31 December 2024 (2023: approximately HK2.94 cents).
- No dividend has been paid or declared for the year ended 31 December 2024. The Board recommended not to declare a final dividend for the year ended 31 December 2024.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Unity Enterprise Holdings Limited (the “**Company**”) wishes to present the consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

Year ended 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Revenue	5	151,522	110,034
Cost of services		(152,979)	(126,672)
Gross loss		(1,457)	(16,638)
Other income and gain, net	6	1,002	2,857
Administrative expenses		(6,524)	(9,298)
Impairment losses on trade receivables and contract assets		(19,800)	(4,725)
Finance costs	7	(96)	(53)
Loss before income tax	8	(26,875)	(27,857)
Income tax expense	9	(128)	(1,555)
Loss and total comprehensive expense for the year		(27,003)	(29,412)
Loss attributable to owners of the Company		(27,003)	(29,412)
Loss per share attributable to owners of the Company			
Basic and diluted	11	(HK2.41 cents)	(HK2.94 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	<i>12</i>	462	665
Goodwill	<i>13</i>	19,470	–
		<u>19,932</u>	<u>665</u>
Current assets			
Trade receivables	<i>14</i>	127,278	94,567
Contract assets	<i>15</i>	25,672	23,850
Deposits, prepayments and other receivables	<i>16</i>	33,138	47,141
Amount due from a controlling shareholder		109	1,123
Amount due from a related company		1,000	–
Cash and bank balances		9,680	10,100
		<u>196,877</u>	<u>176,781</u>
Total current assets			
Current liabilities			
Trade payables	<i>17</i>	69,891	37,415
Accrued liabilities and other payables	<i>18</i>	24,229	10,536
Bank borrowings		1,366	3,353
Lease liabilities		50	146
Tax payable		361	–
		<u>95,897</u>	<u>51,450</u>
Total current liabilities			
Net current assets			
		<u>100,980</u>	<u>125,331</u>
Total assets less current liabilities			
		<u>120,912</u>	<u>125,996</u>
Non-current liabilities			
Lease liabilities		–	50
Deferred tax liabilities		34	65
		<u>34</u>	<u>115</u>
NET ASSETS			
		<u>120,878</u>	<u>125,881</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		11,746	10,000
Reserves		109,132	115,881
		<u>120,878</u>	<u>125,881</u>
TOTAL EQUITY			
		<u>120,878</u>	<u>125,881</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL

Unity Enterprise Holdings Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands on 13 March 2019 under the Companies Act (as revised) of the Cayman Islands. The address of the Company’s registered office is 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands, and its principal place of business is Unit 1002, 10/F, Billion Trade Centre, 31 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 31 March 2021.

The principal activity of the Company is investment holding while its subsidiaries are principally engaged in provision of repair, maintenance, alteration and addition (“**RMAA**”) works services and distributionship of building materials in Hong Kong.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Harvest Land Company Limited (“**Harvest Land**”), which is incorporated in the British Virgin Islands (“**BVI**”).

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current year and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

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

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

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for HKFRS 18 which would have impact to the presentation and disclosure to the consolidated financial statements, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. OPERATING SEGMENT

Geographical Information

The Group's revenue is solely generated from, and non-current assets are located in, Hong Kong, based on the location of the relevant entities' operation.

Information about major customers

During the year, revenue from major customers who contributed over 10% of the total revenue of the Group is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	N/A*	53,350
Customer B	38,838	28,060
Customer C	81,973	15,211
Customer D	21,099	N/A*

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

5. REVENUE

Revenue represents transaction price received and receivable for the provision of RMAA works and distributionship of building materials provided by the Group to customers. On 30 April 2024, the Group acquired 100% equity interest in Wonder Holdings Limited and its subsidiaries (“**Wonder Group**”). Wonder Group is principally engaged in provision of contracting service for RMAA works and distributorship of building materials in Hong Kong.

Disaggregation of revenue from contracts with customers

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Type of revenue		
RMAA	146,245	110,034
Distributionship of building materials	<u>5,277</u>	<u>—</u>
	<u>151,522</u>	<u>110,034</u>
Timing of revenue recognition		
— Over time	146,245	110,034
— At a point in time	<u>5,277</u>	<u>—</u>
	<u>151,522</u>	<u>110,034</u>
Type of contract nature of RMAA revenue		
Project-based		
— Subcontractor	104,112	76,647
— Main contractor	<u>42,133</u>	<u>33,387</u>
	<u>146,245</u>	<u>110,034</u>
Type of developments of RMAA revenue		
Residential	118,390	43,814
Commercial and industrial	25,029	12,870
Institutional organisation	<u>2,826</u>	<u>53,350</u>
	<u>146,245</u>	<u>110,034</u>

Revenue from contract with customers arose from provision of RMAA works rendered in Hong Kong under long-term contracts and was recognised over time during the year. All the Group's provision of RMAA works is made directly with the customers. Contracts with the Group's customers are mainly fixed-price contracts.

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

6. OTHER INCOME AND GAIN, NET

The Group's other income and gain, net recognised are as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Tax indemnity (<i>note 1</i>)	–	2,520
Non-operating service income (<i>note 2</i>)	1,000	–
Bank interest income	2	275
Sundry income	–	138
Loss on disposal	–	(76)
	<u>1,002</u>	<u>2,857</u>

Notes: 1. During year ended 31 December 2023, the amount represented the tax expenses indemnified by the controlling Shareholder of the Company in accordance with the Deed of Indemnity signed by the Company and the Controlling Shareholders.

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

7. FINANCE COSTS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowings	87	46
Interest on lease liabilities	9	7
	<u>96</u>	<u>53</u>

8. LOSS BEFORE INCOME TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Employee benefit expenses (including directors' remuneration):		
— Directors' fees	360	360
— Salaries, allowances and other benefits	5,702	8,901
— Contributions to retirement benefits schemes	198	258
	<u>6,260</u>	<u>9,519</u>
Total employee benefit expenses		
	<u>6,260</u>	<u>9,519</u>
Auditor's remuneration		
— Audit service	525	535
— Non-audit service	403	—
	<u>928</u>	<u>535</u>
Depreciation of property, plant and equipment	<u>346</u>	<u>511</u>

The employee benefit expenses included in cost of services were approximately HK\$3,783,000 (2023: approximately HK\$4,145,000) for the year.

9. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
— Charge for the year	159	—
— Underprovision in prior years	—	1,545
Deferred tax		
— (credit) charge for the year	(31)	10
	<u>128</u>	<u>1,555</u>

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

Under the two-tiered profits tax rates regime, Hong Kong Profits Tax of a qualified entity in the Group was provided at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for the years ended 31 December 2023 and 2024. The profits of the other Hong Kong subsidiary were taxed at a flat rate of 16.5%. During the year ended 31 December 2023, no assessable profit was generated.

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period.

11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK\$27,003,000 (2023: approximately HK\$29,412,000), and the weighted average number of ordinary shares of 1,116,879,000 (2023: 1,000,000,000) in issue during the year.

12. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2024, addition of property, plant and equipment amounted to approximately HK\$0.1 million was recorded which arising from acquisition of Wonder Group.

During the year ended 31 December 2023, the Group renewed the lease of an office and therefore, an addition of right-of-use assets amounting to approximately HK\$0.3 million was recorded.

13. GOODWILL

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Arising on acquisition of Wonder Group	<u>19,470</u>	<u>–</u>

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

The management assessed the recoverable amount of the CGU which is determined based on value in use calculation. Based on the value in use calculation, the recoverable amount of the cash-generating unit exceeds the carrying amount of goodwill. No impairment loss provided for the year.

14. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables, gross	161,018	110,582
Less: allowances for credit losses	<u>(33,740)</u>	<u>(16,015)</u>
	<u><u>127,278</u></u>	<u><u>94,567</u></u>

The credit terms of the trade receivables are ranged from 30 to 45 days from the date of invoice.

The ageing analysis of trade receivables, net of allowances for credit losses at the end of reporting period based on invoice date is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one month	30,135	6,194
One to three months	359	15,842
More than three months but within one year	30,091	21,663
More than one year	<u>66,693</u>	<u>50,868</u>
	<u><u>127,278</u></u>	<u><u>94,567</u></u>

15. CONTRACT ASSETS

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contract assets		
— Retention receivables	29,646	25,749
Less: allowances for credit losses	<u>(3,974)</u>	<u>(1,899)</u>
	<u><u>25,672</u></u>	<u><u>23,850</u></u>

As at 31 December 2024, the amounts of contract assets that are expected to be recovered after one year are approximately HK\$13,404,000 (2023: approximately HK\$20,328,000).

16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Rental, utilities and sundry deposits	2,597	2,398
Prepayment of construction costs	27,782	41,984
Other prepayments	192	283
Other receivables	2,567	2,476
	<u>33,138</u>	<u>47,141</u>

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

17. TRADE PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	<u>69,891</u>	<u>37,415</u>

The average credit term of the trade payables is 30 days from the date of invoice. The ageing analysis of trade payables based on the invoice date as of the end of the reporting period is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one month	19,859	5,967
One to three months	9,100	16,295
More than three months	40,932	15,153
	<u>69,891</u>	<u>37,415</u>

18. ACCRUED LIABILITIES AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Retention payables	8,823	3,265
Other payables and accruals	3,121	2,254
Accrued contract costs	12,285	5,017
	<u>24,229</u>	<u>10,536</u>

As at 31 December 2024, the retention payables that are expected to be settled after one year are approximately HK\$5,738,000 (2023: approximately HK\$3,265,000).

19. EVENT AFTER REPORTING PERIOD

On 15 January 2025, the Group completed the transaction stated in the sale and purchase agreement dated 22 October 2024 entered into among, Keybase Assets Limited (“**the Purchaser**”), a wholly-owned subsidiary of the Company, and Mr. Yau Chung Chor (“**the Vendor**”), an independent third party and Suntec, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the 100% equity interest in the Suntec, at a consideration of HK\$45,700,000, which are satisfied by way of allotment and issuance of the 234,920,635 ordinary shares by the Company to the Vendor and the issuance of the promissory note at the principal amount of approximately HK\$32,309,524 by the Company and the Purchaser. Details of the above transactions are set out in the announcement of the Company dated 22 October 2024 and the circular dated 12 December 2024.

BUSINESS REVIEW

The Group is a contractor specialising in repair, maintenance, alteration and addition (“**RMAA**”) works in Hong Kong. The Group undertook repair and maintenance services, involving the upkeep, restoration and improvement of existing buildings and facilities, including the services of re-roofing, external and internal walls refurbishment, floor screeding and retiling, spalling repair, scaffolding, repairing and replacement of windows and door, plastering, painting, improvement of fire services system, plumbing and drainage works and the Group also provided additional ancillary services, such as alteration and addition works of building layout and structural works, design of new structural works and checking of structural adequacy of existing constructions and interior decoration works to the existing premises. On 30 April 2024, the Group acquired 100% equity interest in Wonder Holdings Limited and its subsidiaries (“**Wonder Group**”). Wonder Group is principally engaged in provision of contracting service for RMAA works and distributorship of building materials in Hong Kong. The ordinary shares of the Company (the “**Share(s)**”) were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 31 March 2021 (“**Listing**”).

The Group experienced gross loss for the year ended 31 December 2024 mainly due to cost overrun as a result of additional modification/rectification works requested by customers and the corresponding elongation of project duration and extra incurrence of costs that were not originally budgeted. Such cost overrun has placed significant pressure on the Group’s financial resources for deploying additional skilled labor, advanced safety measures as well as extended quality control processes.

Attributable to the dedication of the Group, the Group has secured a major contract for a luxury residential RMAA project which could help strengthen the Group’s reputation in the industry. This contract has contributed a substantial increase in the Group’s revenue for the year ended 31 December 2024, as luxury residential projects typically require specialized craftsmanship and meticulous project management. Additionally, securing such a high-profile project help enhancing market positioning of the Group, thereby opening up future opportunities in luxury residential projects.

As at 31 December 2024, the Group has 9 projects (2023: 7 projects) on hand.

PROSPECTS

The RMAA industry in Hong Kong is highly competitive with numerous small and medium-sized firms competing for contracts, leading to price-cutting and shrinking profit margin. To address these challenges and improve resource utilization, the Company will adopt horizontal acquisition strategy for the coming years, acquiring or merging with other companies in the same industry to increase market share, reduce competition and achieve economies of scale. By consolidating with other RMAA companies, the Group can optimize procurement processes, reduce operational redundancies, and negotiate better terms in material procurement and labor deployment, thereby ultimately lowering costs. Furthermore, a larger workforce and shared expertise can improve efficiency in project execution, allowing for better workload distribution and faster turnaround times without compromising quality. The acquisition would also provide a stronger financial foundation, allowing the company to take on larger projects, diversify its service offerings, and mitigate risks. Horizontal expansion can help the Group strengthen its competitiveness, improve long-term profitability and ensure sustainable growth of the Group in the Hong Kong RMAA industry.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, the Group's revenue amounted to approximately HK\$151.5 million (2023: approximately HK\$110.0 million) which was mainly contributed to the revenue generated from the residential project in Kowloon Bay and the residential project in Pok Fu Lam.

Gross Loss and Gross Loss Margin

For the year ended 31 December 2024, the gross loss amounted to approximately HK\$1.5 million (2023: approximately HK\$16.6 million). The recorded gross loss was mainly contributed to the rectification works requested by the customers for the year ended 31 December 2024.

The gross loss margin was 1.0% (2023: 15.1%) for the year ended 31 December 2024. The gross loss margin improved for the year ended 31 December 2024 as the Group awarded the residential project in Pok Fu Lam. The project brought remarkable profits to the Group, offsetting rectification works from other projects.

Other Income and Gain, net

For the year ended 31 December 2024, the net income amounted to approximately HK\$1.0 million, which was mainly contributed by the non-operating service income from a related company.

For the year ended 31 December 2023, the net other income and gain amounted to approximately HK\$2.9 million, which was contributed by the tax indemnity from the controlling shareholders of the Company of approximately HK\$2.5 million and the bank interest income of approximately HK\$0.3 million.

Impairment losses on trade receivables and contract assets

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 Group recognised loss allowances of approximately HK\$19.8 million (2023: approximately HK\$4.7 million) on trade receivables and contract assets during the year ended 31 December 2024.

Administrative Expenses

Administrative expenses primarily comprise staff costs, depreciation, office expenses, audit fee and professional fees. The administrative expenses decreased from approximately HK\$9.3 million for the year ended 31 December 2023 to approximately HK\$6.5 million for the year ended 31 December 2024, representing a decrease of approximately HK\$2.8 million or 29.8%. Such decrease was mainly attributable to the decrease in staff costs.

Finance Costs

The Group's finance costs increased from approximately HK\$53,000 for the year ended 31 December 2023 to approximately HK\$96,000 for the year ended 31 December 2024. Such increase was mainly attributable to the increase in interest on bank borrowings.

Income Tax Expense

The income tax expense decreased from approximately HK\$1.6 million for the year ended 31 December 2023 to approximately HK\$0.1 million for the year ended 31 December 2024. There was the additional tax expenses and tax penalty in prior years for the year ended 31 December 2023 while there was no such expense for the year ended 31 December 2024.

Loss and Total Comprehensive Expense for the Year

The loss and total comprehensive expenses for the year amounted to approximately HK\$27.0 million (2023: approximately HK\$29.4 million) for the year ended 31 December 2024. Such decrease in loss was mainly caused by the decreased in gross loss, offsetting partially by the increase in impairment losses on trade receivables and contract assets.

The net loss margin was approximately 17.8% (2023: approximately 26.7%) for the year ended 31 December 2024.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The liquidity requirements are primarily attributable to the working capital for the business operations. The principal sources of liquidity are cash generated from the operations and the proceeds from the Listing. As at 31 December 2024, the Group maintained a healthy liquidity position with net current assets balance and cash and bank balances of approximately HK\$101.0 million (31 December 2023: approximately HK\$125.3 million) and approximately HK\$9.7 million (31 December 2023: approximately HK\$10.1 million) respectively. The cash and bank balances were denominated in Hong Kong dollars. There has been no change in the capital structure of the Company since the Listing. As at 31 December 2024, the capital structure of the Company comprised mainly net debt, which includes cash and bank balances, bank borrowings and equity attributable to owners of the Company, comprising issued share capital and reserves.

Bank Borrowings

As at 31 December 2024, the Group had outstanding bank borrowings of approximately HK\$1.4 million (31 December 2023: approximately HK\$3.4 million). Such loan was denominated in Hong Kong dollars and bear interest at floating rate.

Gearing Ratio

The Group's gearing ratio is calculated as bank borrowings divided by the total equity. As at 31 December 2024, the Group's gearing ratio was 1.1% (31 December 2023: 2.7%).

Net Debt to Equity Ratio

The Group recorded net cash position as at 31 December 2024 and 31 December 2023.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy with an aim of preserving the assets of the Group. No investment assets were held by the Group other than cash and bank deposits as at 31 December 2024. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Capital Commitments

As at 31 December 2024, the Group had no material capital commitments.

Pledge of Assets

The bank borrowings was guaranteed by HKMC Insurance Limited and the controlling shareholder. (2023: same)

Capital Expenditures

During the year ended 31 December 2024, addition of property, plant and equipment amounted to approximately HK\$0.1 million was recorded which arising from acquisition of Wonder Group.

During the year ended 31 December 2023, the Group renewed the lease of an office and therefore, an addition of right-of-use assets amounting to approximately HK\$0.3 million was recorded.

CONTINGENT LIABILITIES

In the ordinary course of the Group's business, the Group has been subject to a number of claims of personal injuries suffered by employees of the Group or of the Group's subcontractors in accidents arising out of and in the course of their employment. The Directors are of the opinion that such claims are substantially covered by insurance and would not result in material adverse impact on the financial position or results and operations of the Group.

At the end of the reporting period, the Group had outstanding performance bonds as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Performance bonds for guarantee of completion of projects issued by insurance companies	6,613	6,613

Save as disclosed above, the Group had no other material contingent liabilities as at 31 December 2024.

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 dollars. As such, the Directors consider the Group's risk in foreign exchange is insignificant and no foreign exchange hedging was conducted by the Group or no hedging instrument transaction was entered into during the year ended 31 December 2024.

SIGNIFICANT INVESTMENT HELD

During the year ended 31 December 2024 and up to the date of this announcement, the Group did not hold any significant investments.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 December 2024 and up to the date of this announcement, save for (i) the acquisition of the Wonder Group, (details of which are set out in the Company's announcements dated 22 March 2024, 16 April 2024 and 30 April 2024), which was completed on 30 April 2024; and (ii) the acquisition of Suntec Construction & Engineering Limited ("Suntec") (details of which are set out in the Company's announcement dated 22 October 2024 and circular dated 12 December 2024), which was completed on 15 January 2025, the Group did not have other material acquisitions nor disposals of subsidiaries and associated companies.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 17 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, bonuses and options which may be granted under the share option scheme adopted by the Company. Generally, the Group considers employees' salaries based on each of their performance, qualifications, position and seniority. The Company has an annual review system to appraise the performance of the employees, which constitutes the grounds of its decision as to the salary raises, bonuses and promotions. The Group also arranges induction training for newly joined employees and continuous trainings to existing employees regularly. The remuneration of the Directors and members of the senior management is decided by the Board upon the recommendation from the remuneration committee of the Company having regard to the Group's operating results, individual performance and comparable market statistics.

DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company (the “**Shareholders**”) during the year ended 31 December 2024, nor has any dividend been proposed since the end of the year ended 31 December 2024.

USE OF PROCEEDS

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

The Net Proceeds have been and will be used in the manner consistent with the disclosure in the section headed “Future Plans and Use of Proceeds” of the Prospectus, the announcement of the Company dated 29 April 2022 and the announcement of the Company headed “Further Change in Use of Proceeds” dated 6 June 2023, details of which are outlined below:

Purposes	Original	Revised	Revised	Utilised	Unutilised	Expected timeline
	intended	intended	intended			
	use of Net	use of	use of	amount as at	amount as at	for utilising the
	Proceeds	as at	as at	31 December	31 December	unutilised Net
	HK\$ million	29 April 2022	6 June 2023	2024	2024	Proceeds
		HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Upgrading the construction equipment and enhancing the safety measures through the provision of metal scaffolding system (“ Plan 1 ”)	57.5	9.6	-	-	-	N/A
Meeting working capital requirement and paying certain upfront costs and expenses (“ Plan 2 ”)	25.7	73.6	83.2	83.2	-	N/A
Further strengthening our manpower (“ Plan 3 ”)	7.5	7.5	7.5	6.0	1.5	By December 2025
Total	<u>90.7</u>	<u>90.7</u>	<u>90.7</u>	<u>89.2</u>	<u>1.5</u>	

Details and reasons for the change are set out in the announcement of the Company headed “Change in Use of Proceeds” dated 29 April 2022 and the announcement of the Company headed “Further Change in Use of Proceeds” dated 6 June 2023. The actual use of proceeds for Plan 3 was delayed as the number of projects with significant contract sum decreased.

As at the date of this announcement, there was no further change for the intended use of Net Proceeds.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save for the acquisition of Suntec which was subsequently completed on 15 January 2025, as at the date of this announcement, the Group did not have other plans for material investments and capital assets.

CORPORATE GOVERNANCE CODE

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as the required standards for securities transactions by the Directors. All Directors, after specific enquiries being made by the Company, confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

No purchase, sale or redemption of the Company’s listed securities was made by the Company or any of its subsidiaries for the year ended 31 December 2024.

SHARE OPTION SCHEME

Written resolutions were passed on 15 March 2021 to adopt the share option scheme (the “**Scheme**”). The principal terms of the Scheme are summarised in the paragraph headed “D. Share Option Scheme” in Appendix V of the Prospectus. No share options have been granted, exercised, cancelled or lapsed under the Scheme since its adoption date and up to the date of this announcement. The Scheme will remain in force for a period of 10 years after the date of adoption.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Ms. Chan Mei Wah, Mr. Mak Alexander and Mr. Wu Hak Ping. Ms. Chan Mei Wah is the chairperson of the Audit Committee. The Audit Committee had reviewed the Group’s annual results for the financial year ended 31 December 2024 and confirmed that they were prepared in accordance with applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

COMPETING INTERESTS

The Controlling Shareholders had entered into the deed of non-competition in favour of the Company on 18 March 2021 (the “**Non-competition Undertaking**”). Each of the Controlling Shareholders has confirmed that he/it had complied with the Non-Competition Undertaking during the year ended 31 December 2024 and up to the date of this announcement. The independent non-executive Directors have reviewed that state of compliance of each of the Controlling Shareholder with the Non-competition Undertaking and as far as the independent non-executive Directors can ascertain, there has been no breach of the undertakings given in the Non-competition Undertaking by the Controlling Shareholders during the year ended 31 December 2024 and up to the date of this announcement.

SCOPE OF WORK OF THE COMPANY’S AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Company’s auditor, OOP CPA & Co. (“**OOP**”), to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by OOP in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by OOP on this announcement.

SUBSEQUENT EVENTS

On 15 January 2025, the Group completed the transaction stated in the sale and purchase agreement dated 22 October 2024 entered into among, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor, an independent third party and Suntec, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the 100% equity interest in the Suntec, at a consideration of HK\$45,700,000, which are satisfied by way of allotment and issuance of the 234,920,635 ordinary shares by the Company to the Vendor and the issuance of the promissory note at the principal amount of approximately HK\$32,309,524 by the Company and the Purchaser. Details of the above transactions are set out in the announcements of the Company dated 22 October 2024 and the circular dated 12 December 2024.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient level of public float for its shares as required under the Listing Rules during the year ended 31 December 2024 and up to the date of this announcement.

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting (“**2025 AGM**”) of the Company will be held on 19 June 2025 and the notice of the 2025 AGM will be published to the Shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the identity of the Shareholders who will be entitled to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Monday, 16 June 2025 to Thursday, 19 June 2025, both dates inclusive, the period during which no transfer of Shares will be effected. In order to be eligible to attend and vote at the 2025 AGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at its office at Shops 1712–1716 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 13 June 2025.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.hongdau.com.hk and the Stock Exchange's website at www.hkexnews.hk. The annual report of the Company for the year ended 31 December 2024 will be published on the websites of both the Stock Exchange and the Company in due course in the manner as required by the Listing Rules in April 2025.

On behalf of the Board

Chan Leung

Chairman and Executive Director

Hong Kong, 26 March 2025

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