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*	*HK$'000*
				(unaudited)	
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*	*HK$'000*
				(unaudited)	
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* (unaudited)	*HK$'000*
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 2021	2022	2023	At 30 June 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 2021	2022	2023	At 30 June 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 2021	2022	2023	At 30 June 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	**Lease Liabilities**	**Total**
	(note 19)	*(note 20)*	
	HK$'000	*HK$'000*	*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**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Related party	**Nature**				(unaudited)	
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