

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

FURTHER CHANGE IN USE OF PROCEEDS

Reference is made to (i) the announcement of the Company dated 29 April 2022 in relation to the change in use of proceeds (the “**2022 UOP Announcement**”); and (ii) the 2022 annual report of the Company published on 25 April 2023 in relation to the utilisation of the Net Proceeds from the Listing Date up to 31 December 2022. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the 2022 UOP Announcement.

PREVIOUS CHANGE OF USE OF PROCEEDS

The net proceeds from the Share Offer were approximately HK\$90.7 million (the “**Net Proceeds**”). As disclosed in the 2022 UOP Announcement, the Company has reallocated part of the unutilised Net Proceeds, being approximately HK\$47.9 million for meeting working capital requirement and paying certain upfront costs and expenses. For further details, please refer to the 2022 UOP Announcement.

FURTHER CHANGE IN USE OF PROCEEDS

The Board has resolved to further change the use of the remaining unutilised Net Proceeds in the following manner:

	Allocation of Net Proceeds after the change in use of proceeds set out in the 2022 UOP Announcement <i>HK\$ million</i>	Utilised Net Proceeds up to the date of this announcement <i>HK\$ million</i>	Unutilised Net Proceeds as at the date of this announcement <i>HK\$ million</i>	Proposed Reallocation of the Unutilised Net Proceeds <i>HK\$ million</i>	Proposed application of the Unutilised Net Proceed <i>HK\$ million</i>
(i) Upgrading the construction equipment and enhancing the safety measures through the provision of metal scaffolding system	9.6	—	9.6	(9.6)	—
(ii) Meeting working capital requirement and paying certain upfront costs and expenses	73.6	73.6	—	9.6	9.6
(iii) Further strengthening our manpower	<u>7.5</u>	<u>3.5</u>	<u>4.0</u>	<u>—</u>	<u>4.0</u>
Total	<u>90.7</u>	<u>77.1</u>	<u>13.6</u>	<u>—</u>	<u>13.6</u>

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The impact of the fifth wave of outbreak of COVID-19 have resulted in slowdowns in the Group's cashflow cycle and increasing pressures on the working capital needs. With reference to the 2022 annual report, the Company recorded cash and bank balances of approximately HK\$24.5 million as at 31 December 2022, with approximately HK\$9.6 million reserved for the provision of metal scaffolding system.

For construction projects, it is common for tender invitation documents to specify a minimum working capital requirement and the sufficiency of working capital is a fundamental factor in tender assessment. Besides, payments of construction project are based on work progress, and there might be delays in receiving final settlement due to the work certification process. In particular, the public works contracts usually have longer payment periods due to administrative and contractual arrangements. Considered that the Company has recently been awarded a public works contract, the Directors believe that it is in the interest of the Company to strengthen the Group's liquidity and financial resources and retain sufficient cash and bank balances to ensure the progress of the existing projects and to meet some of the working capital requirements for potential tender invitations.

The Board considers that the reallocation as aforementioned will provide the Group with greater flexibility in cash flow management and enable more effective use of financial resources.

Based on the prevailing market condition and current business and financial position of the Group, the Directors currently expect that the timeline of application of the re-allocated unutilised Net Proceeds will be as follows:

	Unutilised amount of Net Proceeds (as re-allocated) <i>HK\$ million</i>	Expected timeline of utilisation
Meeting working capital requirement and paying certain upfront costs and expenses	9.6	By 31 December 2023
Further strengthening our manpower	4.0	By 31 December 2024

The Board (including the independent non-executive Directors) confirmed that there had been no significant changes to the principal business nature of the Company. The Board considers that the above changes in use of proceeds from the Share Offer would allow the Group to deploy its financial resources more efficiently and therefore, are in the best interest of the Company and the Shareholders as a whole and it will not have any material adverse effect on the existing business and operations of the Group.

The Board will continuously assess the plan for the use of the unutilised Net Proceeds and may revise or amend such plan where necessary to respond to the changing market conditions and strive for better business performance of the Group.

On behalf of the Board
Unity Enterprise Holdings Limited
Chan Leung
Chairman and Executive Director

Hong Kong, 6 June 2023

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