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

2021
Annual Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yeung Wing Sun *(Chairman)*
Mr. Chan Leung *(Chief Executive Officer)*

Non-executive Director

Mr. Li Fat Chung

Independent non-executive Directors

Mr. Mak Alexander
Ms. Chan Mei Wah
Mr. Wu Hak Ping

AUDIT COMMITTEE

Ms. Chan Mei Wah *(Chairperson)*
Mr. Li Fat Chung
Mr. Mak Alexander
Mr. Wu Hak Ping

REMUNERATION COMMITTEE

Mr. Mak Alexander *(Chairperson)*
Mr. Li Fat Chung
Ms. Chan Mei Wah
Mr. Wu Hak Ping

NOMINATION COMMITTEE

Mr. Wu Hak Ping *(Chairperson)*
Mr. Li Fat Chung
Ms. Chan Mei Wah
Mr. Mak Alexander

COMPANY SECRETARY

Ms. Leung Sau Fong
(member of Hong Kong Institute of Chartered Secretaries)

AUTHORISED REPRESENTATIVES

Mr. Yeung Wing Sun
Mr. Chan Leung

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

COMPLIANCE ADVISER

Grande Capital Limited
Room 2701, 27/F
Tower 1, Admiralty Center
18 Harcourt Road
Admiralty
Hong Kong

PRINCIPAL BANKER

Nanyang Commercial Bank Limited
151 Des Voeux Road Central
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1103, 11th Floor
9 Chong Yip Street
Kwun Tong
Kowloon
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Services (Cayman) Limited
71 Fort Street
PO Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

COMPANY'S WEBSITE

www.hongdau.com.hk

INVESTOR RELATIONS CONTACT

E-mail: info@hongdau.com.hk

STOCK CODE

2195

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Unity Enterprise Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), I would like to present to our shareholders the annual report of the Group for the year ended 31 December 2021.

BUSINESS REVIEW

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 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.

During the year ended 31 December 2021, our revenue decreased by approximately 20.6% to approximately HK$249.6 million (2020: approximately HK$314.2 million). Such decrease of our revenue was mainly due to the following:

(a) the delay in progress of a project at the site of Beverly Hill, 6 Broadwood Road, Happy Valley due to the occurrence of a fatal accident, which has been disclosed in the announcement of the Company dated 21 October 2021. The Labour Department had issued suspension notice to the main contractor for suspending works at the site shortly after the accident and had revoked the suspension notice on 3 March 2022. Our executive Directors originally expected that an estimated revenue of approximately HK$29.1 million could be derived from October to December 2021 for such project;

(b) the delay in progress of a project at the site of Telford Gardens, No.33 Wai Yip Street, Kowloon Bay due to an unexpectedly lengthy discussion between the property management company and the residents for the paint shades of external wall. Our executive Directors originally expected that substantial works could be commenced in April 2021. However, the paint shades was agreed by the property management company and the residents in August 2021 and the substantial works could be conducted in September 2021. Such delay of works resulted in a substantial decrease in our revenue of approximately HK$42.5 million to be derived for the year ended 31 December 2021 as originally estimated by our executive Directors; and

(c) newly awarded projects with contract sum of approximately HK$122.5 million during the year ended 31 December 2021, which partially offset the negative impact brought by factors (a) and (b) discussed above.

Our Directors confirmed that the issues of the abovementioned two projects have been solved and are not aware of any material change in the contract sum of such projects. However, progress of such projects has recently been affected by the fifth wave of COVID-19 infection.

Despite the occurrence of the above unexpected events in the year ended 31 December 2021, the Group put more efforts and keeps a closer look out for profitable tenders. Through the "Smart Tender", an E-tendering platform administrated by Urban Renewal Authority, the Group can source more potential tenders. The established presence of the Group in the industry also make the Group to be the approved sub-contractor of some sizeable property management companies. These achievements provide more business opportunities to the Company and help the Company to capture the growth in the RMAA industry.

CHAIRMAN'S STATEMENT

As at 31 December 2021, the Group has 15 projects (2020: 15 projects) on hand with an aggregate original contract sum of approximately HK$636.2 million (2020: approximately HK$610.4 million), which includes projects in progress and projects that have been awarded to the Group but not yet commenced.

PROSPECTS

Since the number of buildings in Hong Kong aged over 30 year will be continuously increase in the coming years, our Directors consider that the demand for RMAA works will be increase in the coming future. With over 15 years of operating history in the RMAA industry in Hong Kong, we are able to attract potential tender invitations and the potential customers. We are confident to maintain our principal business objectives to strengthen our market position, increase our market share and capture the growth in RMAA industry. Alongside with the business target to capture the growth in RMAA industry, the quality RMAA works is another key to our success. The Group will continue to upgrade our construction equipment, enhance our safety measures, recruit more skilled and experienced project management team and assist the staff to continue their education. Through the wise use of our available resources, the Group can enhance its competitiveness in the RMAA industry.

However, 2022 may be a challenging year for the Group. Despite the increasing public health awareness, vaccination programme and enhanced social distancing measures, Hong Kong has recorded the fifth wave of outbreak of COVID-19 attributable to the SARS-CoV-2 Omicron variant since early-February 2022. The daily number of confirmed cases reached over 50,000 in early-March 2022. In early February 2022, the Government announced that aside from staff providing emergency and essential public services, all government employees would be arranged to work from home ("WFH Policy"). The Directors consider that the WFH Policy impeded the approval of billing process of construction industry. Further, a significant number of construction workers had contracted COVID-19 or were required to be quarantined, resulting in short term labour shortage. Such short term labour shortage has given rise to widespread delay in project schedule. Moreover, in light of tightening of the cross-border quarantine requirements and increasing number of truck drivers being tested positive for COVID-19, contractors have experienced disruption in supply of raw materials. There has been a reduction in supply of raw materials, resulting in a short term surge in prices of raw materials in the first quarter of 2022.

As such, our Directors consider that projects' progress or tendering process has been hampered by the pandemic. The Group's business operation has also been impeded by the fifth wave of outbreak of COVID-19. In particular, some of our subcontractors' workers have been tested positive for COVID-19 in the first quarter of 2022 and there have been occasions where the operation of the relevant sites had to be suspended temporarily for disinfection, which resulted in certain disruptions to the project schedule. The Group has prepared for more challenging times in 2022. It is generally expected that the fifth wave of outbreak will continue at least until the second quarter of 2022 and the business condition will gradually improve. Under an improved economic condition, the Group believes that a recovery in economic activities, together with favourable government policies, should ramp up the demand of RMAA works and offer plenty of opportunities for the Group to capture. Given the foregoing reasons, our Directors are cautious on the Group's business outlook in 2022.

On behalf of the Board, I would like to express my appreciation for the diligence and commitment of the management and staff. I would like to also extend our sincerest gratitude to shareholders, customers and business partners for your continued support.

Unity Enterprise Holdings Limited
Yeung Wing Sun
Chairman and Executive Director
25 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2021, the Group's revenue amounted to approximately HK$249.6 million (2020: approximately HK$314.2 million). The decrease in revenue of approximately 20.6% was mainly attributable to (a) the delay in progress of a project at the site of Beverly Hill, 6 Broadwood Road, Happy Valley due to the occurrence of a fatal accident; (b) the delay in progress of a project at the site of Telford Gardens, No. 33 Wai Yip Street, Kowloon Bay due to an unexpectedly lengthy discussion between the property management company and the residents for the paint shades of external wall; the negative impact of which is partially offset by the newly awarded projects with contract sum of approximately HK$122.5 million during the year ended 31 December 2021.

Cost of services

The cost of services decreased from approximately HK$255.6 million for the year ended 31 December 2020 to approximately HK$204.8 million for the year ended 31 December 2021, representing a decrease of approximately HK$50.8 million or 19.9%. The cost of services includes subcontracting fees, direct labour costs, material costs and other direct costs.

The decrease in the cost of services was mainly attributable to the decrease in the subcontracting fees from approximately HK$248.8 million for the year ended 31 December 2020 to approximately HK$196.2 million for the year ended 31 December 2021, representing a decrease of approximately HK$52.6 million or 21.1%. Such decrease was mainly due to the decrease in amount of works outsourced to subcontractors for carrying out site works as illustrated by the decrease in the revenue as discussed above.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2021, the gross profit amounted to approximately HK$44.8 million (2020: approximately HK$58.7 million), while the gross profit margin was approximately 18.0% (2020: approximately 18.7%). The decrease in gross profit of approximately 23.6% was primarily attributable to the decrease in revenue as discussed above.

The slight drop in the gross profit margin was mainly driven by the completion of certain projects on hand in 2020 which had a relatively higher gross profit margin. The Directors consider that the gross profit margin has been maintained at a stable level during the year ended 31 December 2021.

Other Income and Gain

For the year ended 31 December 2021, the other income and gain amounted to approximately HK$1.0 million, which was contributed by the disposal of a motor vehicle with a gain of approximately HK$0.4 million, the reimbursement of litigation costs and disbursements of approximately HK$0.4 million and the interest income derived from the time deposits of approximately HK$0.2 million placed during the year ended 31 December 2021.

For the year ended 31 December 2020, the other income and gain amounted to approximately HK$1.2 million, which comprised government subsidies received by the Group due to the outbreak of COVID-19, including the anti-epidemic fund received from the Government under the Employment Support Scheme and from the Construction Industry Council.

Administrative Expenses

Administrative expenses primarily comprise staff costs, depreciation, office expenses, audit fee and professional fees. The administrative expenses increased from approximately HK$6.5 million for the year ended 31 December 2020 to approximately HK$9.8 million for the year ended 31 December 2021, representing an increase of approximately HK$3.3 million or 50.9%. Such increase was mainly attributable to the increase in legal and professional fees, including the post-listing expenses and the increase in staff costs.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

The Group's finance costs remained stable at approximately HK$0.2 million for the years ended 31 December 2021 and 2020 respectively.

Income Tax Expense

The income tax expense decreased from approximately HK$8.7 million for the year ended 31 December 2020 to approximately HK$5.3 million for the year ended 31 December 2021, representing a decrease of approximately 39.1%. Such decrease was mainly attributable to the decrease in profit before tax as a result of the aforesaid reasons for the year ended 31 December 2021.

Profit and Total Comprehensive Income for the Year

Profit and total comprehensive income for the year decreased by approximately 30.4% from approximately HK$37.7 million for the year ended 31 December 2020 to approximately HK$26.3 million for the year ended 31 December 2021. Such decrease was mainly contributed by the decrease in revenue and the increase in administrative expenses. The net profit margin is approximately 10.5% for the year ended 31 December 2021 as compared to that of approximately 12.0% for the year ended 31 December 2020.

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, borrowings and the proceeds from the Listing. As at 31 December 2021, the Group maintained a healthy liquidity position with net current assets balance, a time deposit and cash and bank balances of approximately HK$160.3 million (31 December 2020: approximately HK$56.2 million), HK$50 million (31 December 2020: Nil) and approximately HK$23.4 million (31 December 2020: approximately HK$15.6 million) respectively. The time deposit and cash and bank balances were denominated in Hong Kong dollars. The Shares of the Company were listed on Main Board of the Stock Exchange on 31 March 2021. There has been no change in the capital structure of the Company since the Listing. As at the date of this annual report, the capital structure of the Company comprised mainly net debt, which includes cash and bank balances and equity attributable to owners of the Company, comprising issued share capital and reserves.

Bank Borrowings

As at 31 December 2021, the Group had no outstanding bank borrowings (31 December 2020: approximately HK$11.3 million). The bank borrowings as at 31 December 2020 were denominated in Hong Kong dollars.

Gearing Ratio

The Group's gearing ratio is calculated as bank borrowings divided by the total equity. As at 31 December 2021, the Group's gearing ratio was nil (31 December 2020: approximately 20.9%).

Net Debt to Equity Ratio

The Group recorded net cash position as at 31 December 2021 and 31 December 2020.

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 then a time deposit, cash and bank deposits as at 31 December 2021. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Commitments

As at 31 December 2021, the Group had no material capital commitments.

Capital Expenditures

For the year ended 31 December 2021, the Group incurred capital expenditures of approximately HK$1.8 million, primarily due to the purchase of a motor vehicle and the renewal of the tenancy agreement.

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:

	2021 **HK$'000**	2020 HK$'000
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 2021.

OFF-BALANCE SHEET ARRANGEMENTS AND COMMITMENTS

The Directors confirm that as at the date of this annual report, other than the above contingencies, the Group did not have any off-balance sheet arrangements or commitments.

PLEDGE OF ASSETS

The bank loans of approximately HK$7.5 million as at 31 December 2020 are secured by a deed of assignment over the proceeds from a specific contract with a customer and trade receivables of approximately HK$7.3 million of the Group were subject to the aforesaid assignment and charge arrangement. As at 31 December 2021 and the date of this annual report, all of the personal guarantees and securities for the Group's bank borrowings had been released.

SIGNIFICANT INVESTMENTS

For the year ended 31 December 2021, the Group did not have any significant investments.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2021 and up to the date of this annual report, the Group did not have any material acquisitions nor disposals of subsidiaries associates and joint ventures.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section headed "Future Plans and Use of Proceeds" of the Company's prospectus dated 19 March 2021 (the "Prospectus"), as at the date of this annual report, the Group did not have other plans for material investments and capital assets.

FINANCIAL INSTRUMENTS

The major financial instruments include trade receivables, deposits and other receivables, amount due from a director, time deposit, cash and bank balances, bank borrowings, trade payables and other payables. The management manages such exposure to ensure appropriate measures are implemented on a timely and effective manner.

USE OF PROCEEDS

The amount of gross proceeds from the Share Offer is HK$140 million and the amount of net proceeds from the Share Offering is approximately HK$90.7 million after deducting underwriting commissions and the finalised expenses relating to the Share Offer (the "Net Proceeds").

The Net Proceeds from the Share Offering 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, details of which are outlined below:

Purposes	**Intended use of Net Proceeds** HK$ million	**Utilised amount since the date of Listing and up to 31 December 2021** HK$ million	**Unutilised amount as at 31 December 2021** HK$ million	**Expected timeline for utilising the unutilised Net Proceeds**
Upgrading the construction equipment and enhancing the safety measures through the provision of metal scaffolding system ("Plan 1")	57.5	–	57.5	By December 2022
Meeting working capital requirement and paying certain upfront costs and expenses ("Plan 2")	25.7	19.8	5.9	By December 2022
Further strengthening our manpower ("Plan 3")	7.5	1.0	6.5	By December 2022
Total	90.7	20.8	69.9	

Up to 31 December 2021, the actual use of Plan 1 was delayed as the Company has been through several rounds of negotiation with the suppliers of metal scaffolding on the relevant price and terms, in order to ensure a better finalised price and terms. The actual use of Plan 2 and Plan 3 were delayed due to the extension of tendering procedures of potential projects.

As at the date of this report, there was no change for the intended use of Net Proceeds as disclosed in the Prospectus. It is expected that the unutilised portion of the Net Proceeds will be fully utilised by 31 December 2022.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had 27 employees (31 December 2020: 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. Total employee benefit expenses (including directors' remuneration) amounted to approximately HK$9.0 million for the year ended 31 December 2021, as compared to approximately HK$7.3 million incurred during the year ended 31 December 2020. Our Company has an annual review system to appraise the performance of the employees, which constitutes the grounds of our decision as to the salary raises, bonuses and promotions. The 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.

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 2021.

SUBSEQUENT EVENTS AND EFFECT OF COVID-19

Since the outbreak of the COVID-19 pandemic in Hong Kong, the management of the Group have closely monitored the development of the outbreak of COVID-19 pandemic and kept regular communications with its customers and subcontractors to understand whether there would be any significant impacts on the status or progress of the Group's ongoing projects and availability of subcontractors in the local market.

Based on the currently available information and as disclosed above, the progress of certain projects has recently been affected by the fifth wave of COVID-19 infection. Given the inherent unpredictable nature and rapid development relating to COVID-19 pandemic, the Group's business might be affected should the situations in Hong Kong deteriorates and the management of the Group will continue to closely monitor in this regard.

Save as disclosed above, there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors after the year ended 31 December 2021 and up to the date of this annual report.

DIVIDEND

Prior to the Listing, the Company declared interim dividends of HK$288,000 (2020: HK$150,000) per ordinary share amounting to HK$28.8 million (2020: HK$15 million) to its then shareholder which were settled through the current account with a Director. Save as disclosed above, no dividend has been paid or declared during the year ended 31 December 2021.

The Board recommended not to declare a final dividend for the year ended 31 December 2021.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Yeung Wing Sun (楊永燊先生) (formerly known as Mr. Yeung Wing Shun (楊永迅先生), aged 53, was appointed as a Director on 13 March 2019 and was re-designated as an executive Director on 25 March 2019. He also serves as the chairman of our Board. He is primarily responsible for the overall management and formulation of business strategies of our Group. He is also a director of each and every wholly-owned subsidiary of the Company.

Mr. Yeung has over 20 years of experience in the construction industry. He joined our Group as project manager in June 1999. Mr. Yeung then obtained various certificates from the Construction Industry Training Authority, including interim certificate for qualifying site supervisors as technically competent persons (modules 1 and 2) in September 1999, interim certificate for qualifying site supervisors as technically competent persons (T1 to T3) (module 2) in November 1999, qualifying site supervisors as technically competent persons equivalent certificate (1) (modules 1, 2, 3 and 4) in February 2001, certificate for qualifying site supervisors as technically competent persons (module 4) in June 2001 and certificate for qualifying site supervisors as technically competent persons (module 6.1) in November 2002. Mr. Yeung also completed various courses held by the Construction Industry Training Authority, including the theory upgrading course for in-service plumbers in March 1998 and defect diagnosis and remedy (reinforced concrete) course in May 1998. He further completed the occupational safety management course held by the Occupational Safety & Health Council in March 2013.

Mr. Yeung was adjudged bankrupt by the High Court of Hong Kong on 29 March 2006 and he was discharged from bankruptcy on 29 March 2010.

Mr. Chan Leung (陳亮先生), aged 58, was appointed as an executive Director on 25 March 2019. He also serves as the chief executive officer of our Group. He is primarily responsible for the supervision of operation of our Group. He was approved by the Buildings Department to be an Authorised Signatory for Hong Dau Construction Company Limited ("HDC") as a Registered General Building Contractor in November 2013 and to become a Technical Director of HDC in January 2016. He is also a director of HDC.

Mr. Chan has over 25 years of experience in the construction industry. Mr. Chan joined our Group as Authorised Signatory in November 2013 and has been promoted to act as a director of HDC in September 2014. Before joining our Group, Mr. Chan joined Tom Ip & Partners, Architects, Engineers & Development Consultants Limited as a clerk of works in May 1987 and left as an assistant project officer in March 1990. Mr. Chan was a clerk of works of Simon Kwan & Associates Limited from April 1990 to March 1991.

Mr. Chan then worked as a clerk of works in Chows Architects Limited from November 1991 to February 1996, in Alex Wong & Partners Limited from March 1996 to November 1996, in Chows Architects Limited from December 1996 to August 1998 and in Cheung Kong (Holdings) Limited from September 1998 to January 1999. He joined Vigers Building Consultancy Limited as a clerk of works in February 1999 and left as a senior project manager in March 2008. He was a director of Ymt Engineering Company Limited from March 2016 to March 2019 and Yso Engineering Company Limited from January 2013 to November 2019, respectively.

Mr. Chan obtained a higher diploma in structural engineering from the Hong Kong Polytechnic (currently known as the Hong Kong Polytechnic University) in November 1987. In November 1997, Mr. Chan further obtained a post-experience certificate in clerks of works studies from The Hong Kong Polytechnic University.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. Li Fat Chung (李發中先生), aged 61, was appointed as a non-executive Director on 25 March 2019. He is responsible for providing advice on our Group's strategy, performance and standard of conduct.

Mr. Li has been in the field of accounting and financing for over 40 years. Mr. Li is a director of Chan, Li, Law CPA Limited in Hong Kong.

Mr. Li was an independent non-executive director of Founder Holdings Limited (stock code: 418) from December 1995 to March 2020 and Peking University Resources (Holdings) Company Limited (formerly known as EC Founder (Holdings) Company Limited) (stock code: 618) from September 2004 to March 2020, respectively.

Mr. Li is a Certified Public Accountant (Practising) in Hong Kong and is a fellow member of the Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants in the United Kingdom, the Hong Kong Institute of Certified Public Accountants and The Taxation Institute of Hong Kong. He is also a Certified Tax Adviser of the Taxation Institute of Hong Kong. Mr. Li received a master's degree in Business Administration from the University of Warwick, England. Mr. Li has extensive experience in auditing, taxation and accounting.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chan Mei Wah (陳美樺小姐) (formerly known as Ms. Chan Kit Fun (陳潔芬小姐)), aged 53, was appointed as an independent non-executive Director on 15 March 2021.

Ms. Chan has been in the field of accounting for over 25 years. Ms. Chan joined Li, Tang, Chen & Co. in August 1992 and left in July 2010 as a senior audit manager. She was a senior audit manager of Moore Stephens Associates Limited from December 2010 to July 2011. Ms. Chan has been a director of SAA Corporate Services Limited (formerly known as King Charter Development Limited) and SAA CPA Limited since May 2011 and October 2011, respectively.

Ms. Chan graduated from City University of Hong Kong with a bachelor's degree of arts in accountancy in November 1992. She has been an associate of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) since June 1997.

Mr. Mak Alexander (麥曉峯先生), aged 53, was appointed as an independent non-executive Director on 15 March 2021.

Mr. Mak has been in the legal practice for over 25 years. Mr. Mak was admitted as a solicitor in Hong Kong in June 1997 and a lawyer in New South Wales, Australia in July 1995. He has been appointed as a Civil Celebrant of Marriages since May 2006 and a China-Appointed Attesting Officer since December 2015. Since October 2012, he has been the founder and sole proprietor of Mak Solicitors. Mr. Mak is also a director of Greenest Limited, which principally engages in the provision of consultancy services.

Mr. Mak graduated from The University of New South Wales with a bachelor's degree of commerce in accounting and a bachelor's degree of law in October 1994. He subsequently obtained from City University of Hong Kong a master's degree of laws in Chinese and comparative law in November 2003 and a master's degree of arts in arbitration and dispute resolution in November 2006.

Mr. Wu Hak Ping (胡克平先生), aged 58, was appointed as an independent non-executive Director on 15 March 2021.

Mr. Wu has over 30 years of experience in the field of engineering. Mr. Wu joined Wormald Engineering Services Limited as electrical engineer in June 1989 and left as an electrical manager in July 1993. He then joined Meinhardt (M&E) Limited as residential engineer from November 1993 to April 1997 and joined Notifier Pacific Rim as regional sales manager in April 1997. Mr. Wu was a director of Martech Building Consultants Limited, a company engaging in the provision of building renovation consultancy services, from January 2003 to May 2008, of Mak Tai Construction & Engineering Limited, a building renovation contractor, from February 2005 to September 2006 and of Diploma Construction Limited, a building contractor, from July 2006 to November 2010, respectively.

Since December 2012 and May 2015, respectively, Mr. Wu has been a director and the chief executive officer of Modern Testing Consultants Limited, a company engaging in the provision of building consultancy services. Mr. Wu has also been a director of Nixon Wu Engineering Consultant Limited, a company engaging in the provision of building consultancy services, since July 2015. Mr. Wu graduated from The Queen's University of Belfast in Northern Ireland, the United Kingdom with a bachelor's degree of electrical and electronic engineering in July 1989 and further obtained a bachelor's degree of fire engineering from The University of Central Lancashire in the United Kingdom in September 1997 through a distance learning programme. Mr. Wu has become a member of the Institute of Energy and a chartered engineer of the Engineering Council in the United Kingdom since April 1999 and May 1999, respectively. He has been admitted as a member of the Hong Kong Institute of Engineers since November 2012. He has also become a level-II certified infrared thermographer of the Infraspection Institute since March 2019. He is currently a registered professional engineer of the Engineers Registration Board.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Cheung Sam Fai (張三輝先生), aged 38, is our senior project manager who is primarily responsible for overseeing and managing project execution and operation. He was approved by the Buildings Department to become an other officer (as defined by the Buildings Ordinance) of HDC in January 2016.

Mr. Cheung has around 15 years of experience in the construction industry. Before joining our Group, he worked as a site supervisor in Madison (Hong Kong) Limited from June 2006 to June 2008 and as a project coordinator in Able Maintenance Company Limited from July 2008 to September 2009. He joined our Group as a site supervisor in October 2009, as a senior site supervisor from March 2012 to January 2014, as a site agent from February 2014 to January 2015, as an assistant project manager from February 2015 to December 2016 and as a project manager from January 2017 to January 2019. He has been promoted to senior project manager since then.

Mr. Cheung obtained a diploma in building studies from the Hong Kong Institute of Vocational Education in July 2004 and obtained a higher diploma in building technology and management (surveying) from the Hong Kong Polytechnic University in December 2006. He further obtained a degree of bachelor of science in building engineering and management from the Hong Kong Polytechnic University in November 2010. Mr. Cheung also completed various construction courses. He completed two 3-day metal scaffolding supervisor courses organised by Hong Kong Human Resources Ltd. and the Construction Industry Council in October 2015 and April 2019 respectively and the 42-hour construction safety supervisor course organised by the Construction Industry Training Authority in June 2007.

Mr. Lee Wai Sing Bruce (李維聖先生), aged 45, is our project manager who is primarily responsible for overseeing and managing project execution and operation.

Mr. Lee has over 15 years of experience in the construction industry. Prior to joining our Group, he worked in Urban Property Management Limited from July 2003 to April 2007 and left as a technical officer. He joined our Group as a site supervisor in April 2007 and is currently a project manager. Mr. Lee is a holder of grade I plumber's licence issued by the Water Supplies Department. He completed the general course (engineering stream) held by Hong Kong Institute of Vocational Education in September 1999. Mr. Lee obtained various certificates from the Construction Industry Training Authority, including craft certificate in wood trade in August 1992, advanced certificate in carpentry and joinery in June 1993, craft certificate in trowel trade in August 1994 and plumber trade test certificate in August 2000. He further obtained various certificates from the Vocational Training Council or Hong Kong Institute of Vocational Education, including craft certificate in plumbing and pipefitting in August 1998, certificate in plumbing service (Hong Kong) in October 1999, certificate in building studies (building option) in July 2001 and higher certificate in building studies in July 2003. He also completed a 30-day course in Enhanced Construction Manpower Training Scheme in Metal Scaffolding (Civil Engineering and Building Construction) organised by the Hong Kong Institute of Construction in July 2019.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Lai Yi Man (黎綺雯女士), aged 45, is our administration manager who is primarily responsible for managing administrative matters.

Ms. Lai has over 20 years of experience in business administration. Before joining our Group, she worked as a corporate communications coordinator in The Hong Kong School of Motoring Limited from July 1999 to December 2002 and worked as an administrative assistant in Asian Express International Movers Limited from January 2003 to January 2004. In January 2004, she joined NSA Far East Limited (currently known as The Juice Plus Company Of Far East Limited) as an executive secretary and resigned in March 2005. She joined our Group as an administration assistant in March 2005 and worked as an administration executive from March 2008 to February 2017. She has been promoted to administration manager since then.

Ms. Lai graduated from the City University of Hong Kong in July 1999 and obtained a higher diploma in English for professional communication.

Ms. Tsang Fung Ling (曾鳳玲女士), aged 50, is our finance manager who is primarily responsible for managing financial matters.

Ms. Tsang has over 25 years of experience in accounting. Before joining our Group, she worked in Chan, Seing & Co. from August 1993 to April 1998 and left as a senior audit assistant in April 1998. She worked as an audit senior in Tony Kwok Tung Ng & Co. from June 1998 to June 2000, as an accountant in Wittis Electronics Limited from July 2000 to August 2001 and as an administration officer in Alexchoi Design & Partners Limited from August 2002 to March 2003. She joined our Group as an accounts clerk in February 2008 and worked as an accounts officer from February 2008 to June 2018. She has been promoted to finance manager since then.

Ms. Tsang obtained a bachelor's degree of arts in business accounting from the University of Lincolnshire & Humberside through distance learning in April 1999. She passed the accounting (third level) examination held by the London Chamber of Commerce and Industry in June 1993. She was awarded a level IV national vocational qualification in accounting (practice & commerce) by the Association of Accounting Technicians and was accredited as an accounting technician by the Hong Kong Association of Accounting Technicians in June 1993 and October 1993, respectively. Ms. Tsang further achieved a pass in the certificate stage examinations held by the Association of Chartered Certified Accountants in June 1996.

CORPORATE GOVERNANCE REPORT

The Group is committed to ensuring high standards of corporate governance and business practices. The Company's corporate governance practices are based on the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. During the period from 31 March 2021 (the "Listing Date") to the date of this report, the Company has complied with the applicable code provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the required standard for securities transactions by Directors. All Directors, after specific enquiries by the Company, confirmed that they have complied with the required standard set out in the Model Code since the Listing Date and up to the date of this annual report.

BOARD OF DIRECTORS

The Board is responsible for the formulation of business policies and strategies of the Group, the nomination and appointment of Directors, and to ensure the availability of resources as well as the effectiveness of its system of internal control. The senior management was delegated the authority and responsibilities by the Board for the day-to-day management and operations of the Group. In addition, the Board has also established Board committees and has delegated to these Board committees various duties and responsibilities as set out in their terms of reference respectively. Each Director shall ensure that he carries out his duty in good faith in compliance with the standard of applicable laws and regulations, and acts in the interests of the Company and its shareholders at all times.

Board Composition

Up to the date of this report, the Board comprised six Directors, including two Executive Directors, one Non-executive Director and three Independent Non-executive Directors. Details of their composition by category are as follows:

Executive Directors
Mr. Yeung Wing Sun *(Chairman)*
Mr. Chan Leung

Non-executive Director
Mr. Li Fat Chung

Independent Non-executive Directors
Ms. Chan Mei Wah (appointed on 15 March 2021)
Mr. Mak Alexander (appointed on 15 March 2021)
Mr. Wu Hak Ping (appointed on 15 March 2021)

The details of Directors are set out in the section headed "Biography of Directors and Senior Management" on pages 11 to 15 of this annual report.

The Company is governed by the Board which has the responsibility for leadership and monitoring of the Company. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company fully supports the division of responsibility between the chairman of the Board and the chief executive officer to ensure a balance of power and authority. The positions of chairman and chief executive officer are currently held by Mr. Yeung Wing Sun and Mr. Chan Leung, respectively. Their respective responsibilities are clearly defined and set out in writing. The primary role of the chairman is to provide leadership for the Board and to ensure it works effectively in discharging its responsibilities. The chief executive officer is responsible for the day-to-day management of the Group's business.

BOARD MEETINGS

The Board sets strategies and directions for the Group's activities with a view to developing its business and enhancing shareholders' value. The Board has delegated the daily operation and day-to-day management of the Group as well as the implementation of the Board's policies and strategies to the Executive Directors and management of the Group.

From the Listing Date to 31 December 2021, four Board meetings were held and the attendance of each Director is set out below:

Directors	Number of Attendance
Executive Directors	
Mr. Yeung Wing Sun	4/4
Mr. Chan Leung	4/4
Non-executive Director	
Mr. Li Fat Chung	4/4
Independent Non-executive Directors	
Mr. Mak Alexander	4/4
Ms. Chan Mei Wah	4/4
Mr. Wu Hak Ping	4/4

From the Listing Date to 31 December 2021, one general meeting was held and the attendance of each Director is set out below:

Directors	Number of Attendance
Executive Directors	
Mr. Yeung Wing Sun	1/1
Mr. Chan Leung	1/1
Non-executive Director	
Mr. Li Fat Chung	1/1
Independent Non-executive Directors	
Mr. Mak Alexander	1/1
Ms. Chan Mei Wah	1/1
Mr. Wu Hak Ping	1/1

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and considered that the Independent Non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules. Upon the recommendation of the Nomination Committee, the Board considers all independent non-executive Directors to be independent in light of the independence guidelines set out in the said Listing Rules.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the Executive Directors has entered into a service contract for a term of three years with the Company commencing from the Listing Date and renewed automatically upon expiry of the initial term unless otherwise terminated by either party by giving to the other not less than three months' prior written notice.

Each of the Non-executive Directors and Independent Non-executive Directors has entered into a letter of appointment for a term of one year with the Company commencing from the Listing Date and renewed automatically upon expiry of the initial term unless otherwise terminated by either party by giving to the other not less than three months' prior written notice.

In accordance with Article 108 of the Articles of Association of the Company, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation and re-election. Each Director shall retire from office at least once every three years.

In accordance with Article 112 of the Articles of Association, any Director appointed by the Board either to fill a casual vacancy or as an addition to the existing Board shall hold office until the following general meeting (in the case of filling a causal vacancy) or the next following annual general meeting (in the case of an additional Director) and shall then be eligible for election.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

To ensure that the Directors' contribution to the Board remains informed and relevant and in compliance with provision code A.6.5 of the CG Code, the Company would arrange and fund suitable continuous professional development for the Directors to participate in order to develop and refresh their knowledge and skills.

The training each director received during the year is summarised as below:

	Attending seminars/ in house workshop relevant to the Company's business, Listing Rules regulatory and statutory updates	Reading newspapers, journals and other relevant materials regarding regulatory update and corporate governance matters
Executive Directors		
Mr. Yeung Wing Sun	√	√
Mr. Chan Leung	√	√
Non-executive Director		
Mr. Li Fat Chung	√	√
Independent Non-executive Directors		
Ms. Chan Mei Wah	√	√
Mr. Mak Alexander	√	√
Mr. Wu Hak Ping	√	√

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "Board Diversity Policy") pursuant to requirement of the CG Code. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

In designing the Board's composition, board diversity has been considered from a wide range of aspects, including but not limited to gender, age, cultural background and educational background, ethnicity, professional experience and qualifications, skills, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time. High emphasis is placed on ensuring a balanced composition of skills and experience at the Board level in order to provide a range of perspectives, insights and challenge that enable the Board to discharge its duties and responsibilities effectively, support good decision making in view of the core businesses and strategy of the Group, and support succession planning and development of the Board. For achieving an optimal board, additional measurable objectives/specific diversity targets may be set and reviewed from time to time to ensure their appropriateness.

Selection of candidates will be based on the Company's nomination policy and will take into account the Board Diversity Policy. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect.

The Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. The Board also aspires to having an appropriate proportion of Directors who have direct experience in the Group's core markets, with different ethnic backgrounds, and reflecting the Group's strategy.

BOARD COMMITTEES

The Board has established three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee with terms of reference to assist them in the efficient implementation of their functions.

AUDIT COMMITTEE

The Company has established the Audit Committee on 15 March 2021 with written terms of reference. The composition of the Audit Committee meets the requirement of Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of external auditor, review the financial statements and provide material advice in respect of financial reporting, oversee the financial reporting process, internal control, risk management systems and audit process of the Company and perform other duties and responsibilities assigned by the Board. The Audit Committee comprises three Independent Non-executive Directors, namely Ms. Chan Mei Wah, Mr. Mak Alexander and Mr. Wu Hak Ping and one Non-executive Director namely Mr. Li Fat Chung. Ms. Chan Mei Wah is the chairperson of the Audit Committee.

Meetings of the Audit Committee shall be held not less than twice a year. Details of the authority and duties of Audit Committee are set out in the Audit Committee's terms of reference which are available on the websites of the Stock Exchange and the Company.

The following is a summary of the work performed by the Audit Committee during the year ended 31 December 2021:

- reviewed the consolidated financial statements for the year ended 31 December 2020 and for the six months ended 30 June 2021, the annual report for the year ended 31 December 2020 and the interim report for the six months ended 30 June 2021, the related accounting principles and practices adopted by the Group, the report from the management on the Company's review of the risk management and internal control systems, and recommendation of the re-appointment of the external auditor;

- reviewed the annual audit plan of the external auditor including the nature and scope of the audit, the fee payable to them, their reporting obligations and their work plan; and

- reviewed the effectiveness and performance of the Company's financial reporting system, risk management and internal control systems and internal audit plan.

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

From the Listing Date to 31 December 2021, three Audit Committee meetings were held and the attendance of each committee member is set out below:

Member	Number of Attendance
Ms. Chan Mei Wah	3/3
Mr. Li Fat Chung	3/3
Mr. Mak Alexander	3/3
Mr. Wu Hak Ping	3/3

Remuneration Committee

The Company has established the Remuneration Committee on 15 March 2021 with written terms of reference. The primary duties of the Remuneration Committee are to review and approve the management's remuneration proposals, make recommendations to the Board on the remuneration package of the Directors and senior management and ensure none of the Directors determine their own remuneration. The Remuneration Committee consists of four members, comprising three Independent Non-executive Directors, namely Mr. Mak Alexander, Ms. Chan Mei Wah and Mr. Wu Hak Ping and one Non-executive Director namely Mr. Li Fat Chung. Mr. Mak Alexander is the chairman of the Remuneration Committee.

Meetings of the Remuneration Committee shall be held at least once a year. Details of the authority and duties of Remuneration Committee are set out in the Remuneration Committee's terms of reference which are available on the websites of the Stock Exchange and the Company.

From the Listing Date to 31 December 2021, one Remuneration Committee meeting was held and the attendance of each committee member is set out below:

Member	Number of Attendance
Mr. Mak Alexander	1/1
Mr. Li Fat Chung	1/1
Ms. Chan Mei Wah	1/1
Mr. Wu Hak Ping	1/1

The following is a summary of the work performed by the Remuneration Committee during the year ended 31 December 2021:

- reviewed the remuneration of Directors and senior management; and

- made recommendations to the Board on the remuneration of individual Directors and senior management.

Details of the Director's remuneration in the Group and the five highest paid individuals are set out in note 14 to the consolidated financial statements.

Pursuant to code provision E.1.5 of the CG Code, the remuneration paid to the members of the senior management (excluding Directors) by band during the year ended 31 December 2021 is set out below:

Remuneration band (HK$)	Number of person(s)
Nil to 1,000,000	4
1,000,001 to 1,500,000	–
1,500,001 to 2,000,000	–
2,000,001 to 2,500,000	–

Nomination Committee

The Company established the Nomination Committee on 15 March 2021 with written terms of reference. The primary duties of the Nomination Committee are to review the structure, size, composition and diversity of the Board, and select or make recommendations on the selection of individuals nominated for directorships. The Nomination Committee consists of four members, comprising three Independent Non-executive Directors, namely Mr. Wu Hak Ping, Mr. Mak Alexander and Ms. Chan Mei Wah and one Non-executive Director namely Mr. Li Fat Chung. Mr. Wu Hak Ping is the chairman of the Nomination Committee.

The Company adopted a nomination policy on 15 March 2021. In conjunction with the board diversity policy, the Board shall consider a number of criteria on the appointment of Directors, and succession planning for Directors, as well as re-appointment of Directors. The criteria include character and integrity, professional qualifications, skills, knowledge, experience, potential contributions to the Board, as well as willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board commitment(s).

Meetings of the Nomination Committee shall be held at least once a year. Details of the authority and duties of Nomination Committee are set out in the Nomination Committee's terms of reference which are available on the websites of the Stock Exchange and the Company.

From the Listing Date to 31 December 2021, one Nomination Committee meeting was held and the attendance of each committee member is set out below:

Member	Number of Attendance
Mr. Wu Hak Ping	1/1
Mr. Li Fat Chung	1/1
Ms. Chan Mei Wah	1/1
Mr. Mak Alexander	1/1

The following is a summary of the work performed by the Nomination Committee during the year ended 31 December 2021:

- reviewed the board diversity policy; and
- reviewed the independence of the independent non-executive Directors.

NOMINATION POLICY

The Company has adopted a nomination policy (the "Nomination Policy") which sets out the approach and procedures the Board adopts for the nomination and selection of Directors of the Company, including the appointment of additional Directors, replacement of Directors, and re-election of Directors. The Nomination Committee has been delegated with the overall responsibility for implementation, monitoring and periodic review of the policy, and the summary of which is set out below:

Nomination Criteria

In evaluating and selecting any candidate for the directorship, the following criteria would be considered by the Nomination Committee and the Board:

- the candidate's character and integrity;
- the candidate's qualifications including professional qualifications, skills, knowledge and experience, and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;
- any measurable objectives adopted for achieving diversity on the Board;
- for independent non-executive Directors, whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- willingness and ability of the candidate to devote adequate time to discharge duties as a member of the Board and/ or Board committee(s) of the Company; and
- such other perspectives that are appropriate to the Company's business and succession plan and where applicable may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

Nomination Procedures

The Company has put in place the following director nomination procedures:

Appointment of New and Replacement Directors

i. If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable Director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.

ii. Upon compilation and interview of the list of potential candidates, the Nomination Committee will shortlist candidates for consideration by the Nomination Committee and/or the Board based on the selection criteria and such other factors that it considers appropriate. The Board has the final authority on determining suitable Director candidate for appointment.

Re-election of Directors and Nomination from Shareholders

i. Where a retiring Director, being eligible, offers himself for re-election, the Nomination Committee and/or the Board shall consider and, if consider appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules.

ii. Any shareholder of the Company who wishes to nominate a person to stand for election as a Director at a general meeting must lodge with the company secretary of the Company within the lodgement period specified in the relevant shareholder circular (a) a written nomination of the candidate, (b) written confirmation from such nominated candidate of his willingness to stand for election, and (c) biographical details of such nominated candidate as required under the Listing Rules. Particulars of the candidate so proposed will be sent to all shareholders for information by a supplementary circular.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing and has performed in compliance with the corporate governance duties as set out in the CG Code which includes to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board; to review and monitor the training and continuous professional development of the Directors and senior management; to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and to review the Group's compliance with the CG Code and disclosure in this Corporate Governance Report.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Group in accordance with accounting principles generally accepted in Hong Kong. The statement by the Auditor of the Company about their responsibilities for the financial statements is set out in the report of the Independent Auditor's report contained in this annual report. There are no material uncertainties relating to events or conditions that may cast significant doubt of the Company's ability to continue as a going concern.

AUDITOR'S REMUNERATION

The remuneration paid and payable for the year ended 31 December 2021 to the Company's external auditor, BDO Limited, is set out as follows:

Services rendered to the Group	HK$'000
Audit services	700

COMPLIANCE ADVISER

For the purpose of and in compliance with Rule 3A.19 of the Listing Rules, the Company has appointed Grande Capital Limited as its Compliance Adviser for the period commencing from the Listing Date and ending on the date of dispatch of the annual report of the Company containing its financial results for the full year ending 31 December 2022.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for maintaining an adequate system of internal controls and risk management of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal control and risk management systems to safeguard the interest of shareholders and the Group's assets. The Board has reviewed the effectiveness of the internal control and risk management systems of the Group through Audit Committee. The Audit Committee assists the Board in the review of the effectiveness of the Group's risk management and internal control systems on an ongoing basis. The Directors through the Audit Committee are kept informed of significant risks that may impact on the Group's performance.

The Audit Committee has received the risk management and internal control evaluation reports prepared by the external internal control review consultant. The reports summarised information relating to the work carried out in the following areas:

1. the results of selective testing of internal control procedures, operation, and the financial records of the Company;

2. a general evaluation of risk management and internal control systems installed by the Company; and

3. an outline of major control issues, if any, noticed during the year under review.

The Audit Committee has reviewed the reports and discussed with the management. The Audit Committee acknowledged that the management has been progressively implementing adequate and effective risk management and internal control systems in order to ensure the effective functioning of the Company's operations. The Board of Directors is therefore of the view that the risk management and internal control systems of the Group are effective and adequate. The review on the risk management and internal control systems of the Group would be done on an annual basis. Although, the Group does not have an internal audit function, the Board considers that the review on the risk management and internal control systems by the Audit Committee and the Board on a regular basis as well as engaging external internal control review consultant to review the adequacy and effectiveness of the Group's internal control systems would be sufficient to ensure the effective operation of the Group.

COMPANY SECRETARY

Ms. Leung Sau Fong is the Company Secretary of the Company. Ms. Leung is a director of a corporate secretarial services provider in Hong Kong. Mr. Yeung Wing Sun, the Chairman and executive Director, is the primary corporate contact person of the Company with the Company secretary. In compliance with Rule 3.29 of the Listing Rules, Ms. Leung has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2021.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting

The following procedures for shareholders of the Company to convene an extraordinary general meeting (the "EGM") of the Company are prepared in accordance with Article 64 of the Articles of Association of the Company:

1. One or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings may, by written requisition to the Board or the Company Secretary of the Company require an EGM to be called by the Board for the transaction of any business specified in such requisition.

2. The EGM shall be held within 2 months after the deposit of such requisition.

If the Directors fail to proceed to convene such meeting within 21 days of such deposit of requisition, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for raising enquires

1. Shareholders should direct their enquires about their shareholdings to the Company's branch share registrar in Hong Kong by post to Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

2. Shareholders may raise questions, request for publicly available information and provide comments and suggestion to the Directors and management of the Company and can be addressed to the Company by post to Unit 1103, 11th Floor, 9 Chong Yip Street, Kwun Tong, Kowloon.

3. Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

Procedures and contact details for putting forward proposals at shareholders' meetings

1. To put forward proposals at the general meeting of the Company, a shareholder should lodge a written notice of his/her/its proposal ("Proposal") with his/her/its detailed contact information at the Company's principal place of business at Unit 1103, 11th Floor, 9 Chong Yip Street, Kwun Tong, Kowloon for the attention of the Board or the Company Secretary of the Company.

2. The identity of the shareholder and his/her/its request will be verified with the Company's branch share registrar in Hong Kong and upon confirmation by the branch share registrar that the request is proper and in order and made by a shareholder, the Board will include the Proposal in the agenda for the general meeting.

3. The notice period to be given to all the shareholders for consideration of the Proposal raised by the shareholders concerned at the annual general meeting or an EGM varies according to the nature of the Proposal as follows:

   (i) At least 21 days' notice in writing if the Proposal constitutes a special resolution of the Company in an EGM or if the Proposal is put forward at an annual general meeting of the Company; or

   (ii) At least 14 days' notice in writing if the Proposal constitutes an ordinary resolution of the Company at an EGM.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The annual general meeting provides a platform for communication between the Board and the shareholders. The Chairman of the Board as well as the chairmen of the Audit Committee, Remuneration Committee and Nomination Committee or, in their absence, other members of the respective committees, are available to answer questions at shareholders' meeting.

Information about the Group has been provided to the shareholders through financial reports and announcements in order to keep shareholders well informed of the business activities and directions of the Group. The Group has also established a corporate website www.hongdau.com.hk as a channel to facilitate effective communication with the shareholders.

CONSTITUTIONAL DOCUMENTS

Pursuant to resolutions of the shareholders passed on 15 March 2021, the Articles were adopted by the Company with effect from the Listing Date.

The Board proposes to amend the existing articles of association of the Company ("Articles") in order to bring the Articles in line with the latest legal and regulatory requirements, including the amendments made to Appendix 3 to the Listing Rules which took effect on 1 January 2022.

The proposed amendments to the Articles ("Proposed Amendments") are summarised below:

1. to specify that the Company shall hold an annual general meeting within six months after the end of the Company's financial year;

2. to provide that all Shareholders shall have the right to (i) speak at a general meeting of the Company; and (ii) vote at a general meeting of the Company, except where a Shareholder is required, by the Listing Rules, or the rules, codes or regulations of any competent regulatory authority, to abstain from voting to approve the matter under consideration;

3. to provide that in addition to the right to convene an extraordinary general meeting on the requisition of one or more Shareholders holding not less than one tenth (1/10th) of the paid up capital of the Company having the right of voting at general meetings, such Shareholder(s) shall also have the right to add resolutions to the meeting agenda of a general meeting;

4. to provide that the branch register of Shareholders in Hong Kong may be closed on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws in Hong Kong); and

5. to make other necessary amendments for updating the Articles and better aligning with the wording in the applicable laws of Cayman Islands and the Listing Rules.

The Proposed Amendments are subject to consideration and approval by the Shareholders by way of a special resolution at the 2022 Annual General Meeting ("2022 AGM"). A circular containing, among other things, particulars relating to Proposed Amendments together with a notice convening the 2022 AGM will be despatched to the shareholders of the Company according to the applicable law, the Articles and the Listing Rules.

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2021.

CORPORATE REORGANISATION AND SHARE OFFER

The Company was incorporated with limited liability in Cayman Islands on 13 March 2019.

Pursuant to a reorganisation scheme (the "Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Stock Exchange (the "Listing"), the Company became the holding company of the companies now comprising the Group on 22 March 2019.

Details of the Reorganisation are set out in section head "History, Development and Reorganisation" in the Prospectus.

The Shares of the Company were listed on the Stock Exchange on 31 March 2021 (the "Listing Date").

PRINCIPAL ACTIVITIES

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 in Hong Kong. There were no significant changes to the Group's principal activities during the year ended 31 December 2021.

CHARITABLE DONATIONS

Donations of HK$145,000 (2020: HK$30,000) were made by the Group during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the largest and the top five customers of the Group accounted for approximately 24.7% (2020: approximately 41.5%) and approximately 79.3% (2020: approximately 88.3%) of the Group's revenue, respectively, for the year.

During the year, the Group's cost of services from the largest and the top five suppliers accounted for approximately 24.1% (2020: approximately 20.8%) and approximately 69.8% (2020: approximately 71.0%) of the Group's cost of services, respectively, for the year.

To the best of the knowledge of the Directors, save as disclosed under Note 30 to the consolidated financial statements and the section headed "Related Party Transactions" in this report, none of the Directors, their respective close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the issued share capital of the Company), had any interest in any of the Group's top five customers or suppliers.

RESULTS/BUSINESS REVIEW

A review of the business of the Group as well as discussion and analysis of the Group's performance during the year and the material factors underlying its financial performance and financial position can be found in Management Discussion and Analysis set out on pages 6 to 10 of this annual report. This discussion forms part of this report of the Directors.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2021, as far as the Directors are aware, the Company did not have any non-compliance with relevant laws and regulations that is material or systemic in nature.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a contractor specialising in RMAA works, the Group values environmental sustainability and has been striving to integrate the concept into every part of the daily business operations. Discussion on the Group's environmental policies and performances can be found in Environmental, Social and Governance Report set out on pages 38 to 58 in this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 26 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 66 and Note 31(a) to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company's reserves as at 31 December 2021 are set out in Note 31(a) to the consolidated financial statements.

SEGMENT INFORMATION

Details of segment reporting are set out in Notes 6 and 7 to the consolidated financial statements.

DIVIDEND POLICY

The Company has adopted a dividend policy which aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its profits, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed, as dividends to the shareholders of the Company. The Board adopted the dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.

The Company does not have any pre-determined dividend distribution ratio. The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the provisions of the Articles of Association and all applicable laws and regulations and the factors set out below.

The Board shall also take into account the factors of the Group when considering the declaration and payment of dividends such as operations, earnings, financial condition, cash requirements and availability, capital expenditure, future development requirements, business conditions and strategies, interests of shareholders, any restrictions on payment of dividends, and any other factors that the Board may consider relevant.

Depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period as interim dividend, final dividend, special dividend, and any distribution of profits that the Board may deem appropriate. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Articles of Association.

REPORT OF THE DIRECTORS

DIVIDEND

Prior to the Listing, the Company declared interim dividends of HK$288,000 per ordinary share amounting to HK$28.8 million to its then shareholder. No other dividend has been paid or declared for the year ended 31 December 2021.

The Board recommended not to declare a final dividend for the year ended 31 December 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group are set out in the section headed "Management Discussion and Analysis" of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme (as defined below) the Company did not enter into any equity-linked agreement during the year or subsisted at the end of the year ended 31 December 2021.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

SUBSIDIARIES

Details of subsidiaries of the Company are set out in Note 1 to the consolidated financial statements.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" on pages 16 to 27 in this annual report.

ANNUAL GENERAL MEETING ("AGM") AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming AGM is scheduled to be held on Wednesday, 22 June 2022. A notice convening the AGM will be issued and despatched to the shareholders of the Company according to the Articles.

The register of members of the Company will be closed from Friday, 17 June 2022 to Wednesday, 22 June 2022 (both days inclusive), during which period no transfer of shares of the Company may be effected for the purpose of determining the Shareholders who are entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by relevant share certificate(s) should be lodged for registration with the Company's Hong Kong branch share register and transfer office, Computershare Hong Kong Investor Services Limited, at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Thursday, 16 June 2022.

REPORT OF THE DIRECTORS

DIRECTORS

The directors of the Company during the financial year and up to the date of this report were:

Executive Directors

Mr. Yeung Wing Sun
Mr. Chan Leung

Non-executive Director

Mr. Li Fat Chung

Independent Non-executive Directors

Mr. Chan Mei Wah	(appointed on 15 March 2021)
Mr. Mak Alexander	(appointed on 15 March 2021)
Mr. Wu Hak Ping	(appointed on 15 March 2021)

In accordance with article 108 of the Articles of Association, Mr. Yeung Wing Sun and Mr. Li Fat Chung will retire by rotation and, being eligible, will offer themselves for election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from each of the independent non-executive Directors required Rule 3.13 Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. Upon the recommendation of the nomination committee of the Company, the Board considered all independent non-executive Directors to be independent.

Biographical information of the directors of the Company and the senior management of the Group are set out on pages 11 to 15 of this annual report.

DIRECTORS' SERVICE CONTRACT

Each of our executive Directors has entered into a service agreement with our Company for an initial fixed term of three years commencing from the Listing Date. The term of service shall be renewed and extended automatically by three years on the expiry of such initial term and on the expiry of every successive period of three years thereafter, unless terminated by either party thereto giving at least three months' written notice of non-renewal before the expiry of the then existing term.

Each of the non-executive Director and independent non-executive Directors has entered into an appointment letter with our Company for an initial fixed term of one year commencing from the Listing Date. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless terminated by either party thereto giving at least one month's written notice of non-renewal before the expiry of the then existing term.

None of our Directors being proposed for re-election at the forthcoming AGM has any service agreement or letter of appointment with any member of our Group which is not determinable by the Group within one year without the payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director or other officers of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Long positions in the shares of HK$0.01 each of the Company ("Shares")

Name of Director	Capacity/ Nature of interest	Number of Shares held interested	Percentage of interest
Mr. Yeung Wing Sun ("Mr. Yeung") (Note)	Interest in a controlled corporation	750,000,000	75%

Note: 750,000,000 Shares are held by Harvest Land Company Limited ("Harvest Land") which is beneficially wholly owned by Mr. Yeung. Mr. Yeung and Harvest Land are regarded as a group of controlling shareholders of the Company under the Listing Rules acting in concert to exercise their voting rights in the Company and they together will be interested in a total of 75% of the issued share capital of the Company. Mr. Yeung is deemed to be interested in the Shares held by Harvest Land pursuant to the SFO.

(b) Long position in the shares of associated corporations

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of Shares held interested	Percentage of interest in associated corporation
Mr. Yeung (Note)	Harvest Land	Beneficial owner	1	100%

Note: The Company is owned as to 75% by Harvest Land. Harvest Land is beneficially owned as to 100% by Mr. Yeung.

Save as disclosed above, as at 31 December 2021, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2021, the following persons had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares

Name of shareholder	Capacity/ Nature of interest	Number of Shares held interested	Percentage of interest
Harvest Land (Note 1)	Beneficial owner	750,000,000	75%
Mr. Yeung (Note 1)	Interest in controlled corporation	750,000,000	75%
Ms. Yu So Yin (Note 2)	Interest of spouse	750,000,000	75%

Notes:

1. Harvest Land is beneficially owned as to 100% by Mr. Yeung. Mr. Yeung and Harvest Land are regarded as a group of controlling shareholders of Company under the Listing Rules acting in concert to exercise their voting rights in the Company and they together will be interested in a total of 75% of the issued share capital of the Company. Mr. Yeung is deemed to be interested in the Shares held by Harvest Land pursuant to the SFO.

2. Ms. Yu So Yin is the spouse of Mr. Yeung. Accordingly, Ms. Yu So Yin is deemed to be interested in all the Shares in which Mr. Yeung is interested under the SFO.

Save as disclosed above, as at 31 December 2021, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

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

Since the Listing date and up to the date of this annual report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SHARE OPTION SCHEME

The principal terms of the Share Option Scheme conditionally adopted under the written resolutions of the sole Shareholder passed on 15 March 2021 are set out below:

(1) Purpose

The Share Option Scheme is a share incentive scheme and is established to recognise and motivate the contributions that Participants (as defined below) have made or may make to the Group. The Share Option Scheme will give the Participants an opportunity to have a personal stake in the Company and will help achieve the following objectives:

(a) motivate the Participants to optimise their performance and efficiency; and

(b) attract and retain the Participants whose contributions are important to the long term growth and profitability of the Group.

(2) Determination of Eligibility

"Participants" refer to:

(a) any full-time or part-time employee of any member of the Group;

(b) any consultant or adviser of any member of the Group;

(c) any director (including executive, non-executive or independent non-executive directors) of any member of the Group;

(d) any substantial shareholder of the Group; and

(e) any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group,

and for the purposes of the Scheme, the Options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of Participants. For avoidance of doubt, the grant of any options of the Company for the subscription of Shares or any other securities of the Group to any person who fall within any of the above classes of Participants shall not, by itself, unless the Board otherwise determined, be construed as a grant of Option under this Scheme. The basis of eligibility of any Participant to be granted any option shall be determined by the Directors (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

(3) Total Number of Shares Available for Issue

A maximum of 100,000,000 Shares, being 10% of the total number of Shares in issue as at the date of this annual report, may be issued upon exercise of all options to be granted under the Share Option Scheme.

(4) Maximum Entitlement of Each Eligible Person

No option shall be granted to any Eligible Participant which, if exercised in full would result in the total number of the Shares issued and to be issued upon exercise of the options already granted or to be granted to such Eligible Participant under the Share Option Scheme (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue as at the date of such grant. Any grant of further options above this limit shall be subject to the following requirements:

(a) approval of the Shareholders of the Company at general meeting, with such Eligible Participant and its close associates (or its associates if such Eligible Participant is a connected person) abstaining from voting;

(b) a circular in relation to the proposal for such further grant must be sent by the Company to its Shareholders with such information from time to time as required by the Listing Rules;

(c) the number and terms of the options to be granted to such proposed grantee shall be fixed before the Shareholders' approval mentioned in (i) above; and

(d) for the purpose of calculating the minimum exercise price for the Shares in respect of the further options proposed to be so granted, the date of board meeting for proposing such grant of further options shall be taken as the date of offer of such options.

(5) Option Period

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Directors may in their absolute discretion determine which shall not exceed 10 years from the offer date subject to the provisions of early termination thereof, and provided that the Directors may in their discretion determine the minimum period for which an Option has to be held or other restrictions before its exercise.

(6) Minimum Vesting Period

No minimum period for which an option must be held before the exercise of any option save as otherwise imposed by the Board in the relevant offer of options.

(7) Payment on Acceptance of the Option

Participants of the Share Option Scheme are required to submit to the Company a duly signed offer letter within 7 days from the offer date together with a payment in favour of the Company of HK$1.00 per option as the consideration of the grant.

(8) Basis of Determining the Exercise Price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as determined by the Board, and shall be at least the highest of:

(a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date (the "Offer Date"), which must be a business day, on which the Board passes a resolution approving the making of an offer of grant of an option to a Participant;

(b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and

(c) the nominal value of a Share on the Offer Date.

(9) Remaining Life

Subject to any prior termination by the Company in a general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten years commencing on the date of adoption of the Share Option Scheme, after which period no further options shall be granted. All options granted and accepted and remaining unexercised immediately prior to the expiry of the Share Option Scheme shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme. Since the adoption of the Share Option Scheme, no option has been granted under the Share Option Scheme. Therefore, no option was exercised or cancelled or has lapsed during the year ended 31 December 2021 and there was no outstanding option as at 31 December 2021.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the year ended 31 December 2021 and up to the date of this report, there was no arrangement made by the Company or its subsidiaries to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate.

COMPLIANCE ADVISER'S INTERESTS

As notified by the Company's compliance adviser, Grande Capital Limited (the "Compliance Adviser") as at 31 December 2021, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 12 April 2019, the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company pursuant to the Listing Rules.

COMPETING INTERESTS

The controlling shareholders, namely Harvest Land and Mr. Yeung (collectively, the "Controlling Shareholder(s)") had entered into the deed of non-competition in favour of the Company on 18 March 2021 (the "Non-competition Undertaking"). Each of the Controlling Shareholders has confirmed that he/it had complied with the Non-Competition Undertaking since the Listing Date and up to the date of this report. 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 since the Listing Date and up to the date of this report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed under "Related Party Transactions" in Note 30 to the consolidated financial statements, there were no transaction, arrangement and contract of significance, to which the Company's holding company or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted 31 December 2021 or at any time during the year ended 31 December 2021.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save for those disclosed above or in this report, there were no contracts of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries nor any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries during the year.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

CONNECTED AND RELATED PARTY TRANSACTIONS

The Group had not entered into any connected transaction or continued connected transactions during the year ended 31 December 2021 and up to the date of this report, which is required to be disclosed under Chapter 14A of the Listing Rules.

To the best knowledge of the Directors, save as disclosed under Note 30 to the consolidated financial statements, there was no other related party transaction during the year ended 31 December 2021.

RETIREMENT SCHEME

The Group joins mandatory provident fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong). The retirement benefit scheme contributions made by the Group amounted to approximately HK$0.3 million (2020: approximately HK$0.3 million) during the year ended 31 December 2021. Save as the aforesaid, the Group did not participate in any other pension schemes during the year ended 31 December 2021.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group during the years ended 31 December 2021 and 31 December 2020 are set out in Note 14 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public from the Listing Date and up to the date of this annual report.

REVIEW OF AUDIT COMMITTEE

The audit committee of the Company has reviewed, together with the management and external auditor, the accounting principles and policies adopted by the Group and the consolidated financial statements.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint BDO Limited as auditor of the Company.

EVENT AFTER 31 DECEMBER 2021

Save as disclosed in Note 33 to the consolidated financial statements, there is no material subsequent event undertaken by the Group after 31 December 2021 and up to the date of this annual report.

On behalf of the Board
Mr. Yeung Wing Sun
Chairman

25 March 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING BOUNDARIES AND PRINCIPLES

Unity Enterprise Holdings Limited (the "Group", and its subsidiaries, collectively the "Group", "we" or "us") are pleased to publish our environmental, social and governance ("ESG") report (the "Report"), which summarised our ESG management approaches, environmental and social performance for the year ended 31 December 2021 (the "Reporting Period" or "2021").

The boundary is consistent with the business units stated in the annual report, which covers our business operations in relation to provision of repair and maintenance services and additional ancillary services to existing buildings. The environmental key performance indicator ("KPI") disclosure mainly focused on our office operation and all contract works in Hong Kong during the Reporting Period.

The Report was prepared in accordance with the ESG Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEX") and is in adherence with the ESG reporting principles of materiality, quantitative, balance and consistency. In preparing the Report, we have adopted the internationals standards and emission factors specified in the guidance materials on ESG issued by HKEX for computing the relevant KPIs, and there is no change from previous year in the way the Report has been prepared, unless otherwise stated. The application of materiality is detailed in the subsection headed "ESG Management — Materiality Assessment".

INFORMATION AND FEEDBACK

Your feedback is essential to our continuous improvement in ESG performance. You are welcome to provide your views through the contacts below:

Address:	Unit 1103, 11/F, 9 Chong Yip Street, Kwun Tong, Kowloon
Tel No.:	2529 0928
Fax No:	2111 0892
Email:	info@hongdau.com.hk

ESG MANAGEMENT

Statement from the Board

As a contractor specialising in RMAA works, we value environmental sustainability and have been striving to integrate the concept into every part of our daily business operations. The Report summarizes the strategy, practice and vision of our Group in respect of the issues related to ESG, and conveys a clear message of our Group's devotion for sustainability. To enhance our resilience and adaptive capacity to potential ESG-related risks and opportunities, all potential ESG issues are covered and evaluated in the annual risk assessment.

We have a well-established governance structure to effectively oversee our ESG issues and manage our sustainability performance. The Board assumes ultimate responsibility for overseeing our Group's ESG-related risks and opportunities, establishing the ESG-related strategies and targets of our Group, and reviewing our Group's performance annually against the ESG-related targets. In pursuant of our commitment towards responsible corporate citizen, we have set up an ESG Working Group and it comprises members from senior management, which supports the Board in implementing ESG-related strategies and targets, and promoting the implementation of measures in relation to ESG issues identified. To effectively and accurately evaluate ESG-related issues that are considered material and relevant to the Group, the Board requires the ESG working group to report ESG updates to the Board regularly.

To ensure all the long-term sustainability goals and targets are relevant to the Group, the Board keeps track and continuously reviews the sustainability priorities through regular stakeholder engagement and embeds the results into our sustainability initiatives and strategies. We also take into consideration the industry practices, international trends and benchmarks against peers in setting and evaluating our environmental and social KPIs as well as other ESG topics that are material to the Group's principal business.

Board

- The Board is responsible for the overall decision-making process and overseeing the formulation, administration, and assessment of the ESG system.

ESG Working Group

- The ESG Working Group is responsible for assisting the Board in managing and monitoring the ESG matters on a daily basis.

Functional Department

- Functional departments are responsible for the execution of measures to achieve the preset ESG-related strategies and targets.

Stakeholders Engagement

The Group is dedicated to sustaining a long-term value for its stakeholders, and strongly believes that the stakeholders play a crucial role in sustaining the success of business. The major areas of concerns of its stakeholders and the means through which the Group engages with such stakeholders are detailed below:

Stakeholders	Areas of concern	Communication and responses
Stock Exchange	• Compliance with the Listing Rules • Timely and accurate announcements	• Company website • Public disclosure of the Group
Government and regulatory authorities	• Compliance with laws and regulations • Prevention of tax evasion • Information disclosure and reporting materials	• Company website and announcements • Inspections • Tax returns and other information.
Suppliers	• Compliance operations • Payment schedule and stable demand • Quality services	• Conference calls and email
Investors	• Corporate governance • Business strategies and performance, and investment returns	• General meetings • Financial reports and announcements
Media & Public	• Corporate governance • Environmental protection and human rights	• Company website • Announcements
Customers	• Quality product and service • Delivery schedule • Operational compliance • Commercial credibility • Reasonable prices and personal data protection	• Site visits • Meetings
Employees	• Rights and benefits of employees • Training and development • Working environment and occupational safety • Equal opportunities	• Employee training • Regular meetings • WhatsApp group
Community	• Community development • Employment opportunities • Environmental protection • Social welfare	• Community activities • Press releases and announcements

Materiality Assessment

ESG issues that are pertinent to the Group and its stakeholders are identified through materiality assessment, which is a crucial step in developing the sustainability strategy. The Group has identified ESG issues that have potential or actual impact on its sustainable development from various sources, such as issues identified in previous ESG report, internal policies, industry trends and the Sustainability Accounting Standards Board's Materiality Map(note). The ESG issues have been analysed with reference to an array of factors, including the Group's overall strategy, development, and goals and targets. The table below summarises the results of the materiality assessment on the identified ESG issues:

Identified ESG issues

- Greenhouse Gas Emissions
- Wastes Management

- Product and Service Responsibility
- Health and Safety
- Sustainable Procurement
- Development and Training

Note: Sustainability Accounting Standards Board's Materiality Map, https://materiality.sasb.org/

A. ENVIRONMENTAL

Overview

The Group strives to minimize the negative impact its business operation brings to the environment. We therefore continue to maintain an environmental management system in accordance with the International Standard Organisation (the "ISO") 14001:2015 international standard so as to ensure that our various environmental measures and daily operation bring about positive environmental impacts and mitigation, as well as to comply with the applicable environmental protection laws.

Compliance and Grievance

During the Reporting Period, the Group complied with all relevant environmental laws and regulations that have significant impacts, including but not limited to, the Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong). During the Reporting Period, no confirmed non-compliance incidents or grievances were noted by the Group in relation to environmental issues.

Emissions

Our air emissions derive mainly from automobiles. As for greenhouse gas ("GHG") emissions, our major direct emission (Scope 1) is contributed by vehicle combustion while all indirect emissions (Scope 2 and Scope 3) are results of electricity consumption and paper disposal. Details of the emissions are as follows:

	2021	2020
Emissions		
Air Emissions from Vehicles		
Nitrogen oxides (NO_x) (kg)	**1.85**	10.78
Sulphur oxides (SO_x) (kg)	**0.029**	0.19
Particulate matters (PM) (kg)	**0.14**	0.79
Greenhouse Gas Emissions		
Vehicle combustion (Scope 1) (tonnes)	**5**	37
Electricity consumption (Scope 2) (tonnes)	**7**	9
Paper disposal (Scope 3) (tonnes)	**1**	5
Total Greenhouse Gas Emissions (tonnes)	**13**	51
Emission intensity (tonnes/thousand HKD revenue)	**0.000052**	0.00016

Our usage of vehicles and paper depends on the number of projects and requirements of the individual projects. Due to the decreased number of main contractor projects and the adoption of energy-efficient lightings during the Reporting Period, the total GHG emission intensity recorded a significant decrease when compared with the last reporting period. To uphold the principles of sustainable development, the Group is committed to reducing or maintaining the increase of total GHG emission intensity between 90% to 120% for the next reporting period, against the level of baseline year ended 31 December 2021. Other mitigating measures against emissions are detailed in the subsections headed "Mitigating Measures" and "Energy and Water Consumption".

Wastes Management

Due to the Group's business nature as related to the construction industry, the main source of our non-hazardous waste is the Construction and Demolition (C&D) waste being disposed. To ensure proper management of waste, waste disposal is handled by Environmental Protection Department (EPD) regularly.

Construction and Demolition (C&D) Waste	2021	2020
Total C&D Waste (tonnes)	**113**	66
Non-hazardous waste intensity (tonnes/thousand HKD revenue)	**0.00045**	0.00021

Our production of wastes, particularly C&D wastes, greatly depends on the number of projects and requirements of the individual project. Considering the difficulty in predicting the number and respective characteristics of future projects, our Group will target to reduce or maintain the increase of production of non-hazardous wastes intensity between 90% to 130% for the next reporting period, against the level of baseline year ended 31 December 2021, given that there is no sudden surge in the number of projects.

Mitigating Measures

All practicable practices are adopted to closely monitor and mitigate the environmental impact of the operations. We actively arrange the surplus materials on the construction sites to be re-used in other construction sites instead of dumping them. Moreover, various control measures are deployed to reduce emissions, as listed below:

- ultra-low sulphur diesel for plants and generators
- trip-ticket system to record disposal of construction waste to disposal facilities
- non-road mobile machinery approved with EPD label
- open burning is prohibited in all sites
- air compressor and hand held percussive breaker with noise emission label

Use of Resources, and Environment and Natural Resources

Energy and Water Consumption

The Group takes up its environmental stewardship through managing its resources responsibly. The Group encourages the reduction of consumption of fuel, electricity and increasing resources efficiency by encouraging staffs to take part in a range of green office practices, which includes but not limited to:

(i) switch off the lights and electronic appliances before they leave the office;

(ii) set the temperature of the office's air conditioner to 25.5 Degree Celsius;

(iii) use double-sided printing instead of single-sided printing; and

(iv) replace all lightings with more energy-efficient lightings.

Due to the adoption of energy-efficient lightings and less operational needs in the office during the Reporting Period, the electricity consumption intensity recorded a decrease when compared with the last reporting period. The Group will make continues efforts in working towards the target of reducing or maintaining the increase of electricity consumption intensity between 90% to 120% for the next reporting period, against the level of baseline year ended 31 December 2021.

The existing water supply adequately meets the Group's daily operational needs and there has been no difficulty in sourcing water. Water bills are included in the management fee and water consumption is therefore excluded from our data collection and disclosure. Nevertheless, the Group strives to conserve water by implementing measures such as performing regular checks on faucets to avoid unnecessary leakage and to enable prompt reporting of any damages, and actively promoting water conservation awareness among employees.

	2021	2020
Total Resources Consumption		
Electricity Intensity		
Total Electricity consumption (kWh)	**17,748**	23,546
Electricity Intensity (kWh/Staff/Day)	**2.11**	2.58

Climate Change

The Group reviews and identifies the climate-related risk annually while conducting the risk assessment. We have considered the potential climate-related risks in respect of the recommendations of the Task Force on Climate-related Financial Disclosure, which are the physical risks such as extreme weather conditions and transition risks such as regulatory change or emerging technologies, and the potential climate-related risks are summarised as below:

Risks Type	Potential Financial Implications	Short (current reporting period)	Medium (one to three years)	Long (four to ten years)	Mitigating Strategy
Physical Risks	*ACUTE* Reduced revenue and increased costs from business and supply chain disruptions due to extreme weather conditions				Reduced revenue and increased costs from business and supply chain disruptions due to extreme weather conditions
Physical Risks	*CHRONIC* Increased costs related to the sustained elevated temperature				Increased costs related to the sustained elevated temperature
Transition Risks	*CHANGES IN CLIMATE-RELATED REGULATIONS* Higher compliance or operating costs due to the adoption of more stringent regulation standards				Higher compliance or operating costs due to the adoption of more stringent regulation standards
Transition Risks	*EMERGING TECHNOLOGY* Increased costs due to the adoption of new practices, machineries or materials that are more environmentally friendly				Increased costs due to the adoption of new practices, machineries or materials that are more environmentally friendly

low medium high

B. SOCIAL

Overview

The Group views its employees as the key to future success. To this end, we spare no effort to build a healthy and supportive workplace for employees so as to advance their career progression and enhance their professional development. Looking ahead, we will continue to do our best to cater the needs of employees to enable them to thrive and grow with us.

Compliance and Grievance

As an equal opportunity employer, the Group complies with all relevant employment laws and regulations that have a significant impact on it, including but not limited to the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong), the Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong), the Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong) and the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong).

Employment

The Group has set up clear policies and guidelines to attract and retain talent. For instance, the enhancement of human capital is of our main focus and attractive remuneration and welfare packages are offered to talented individuals. To encourage hard work and career dedication, we provide promotion opportunities and salary adjustments that are commensurate with individual performance. The Group is committed to building a diversified and inclusive working environment to ensure no employees are discriminated against or deprived of opportunities due to gender, ethnic background, religious belief, colour, sexual orientation, age, marital status or family status in relation to recruitment and promotions. During the Reporting Period, the Group did not identify any material non-compliance related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare. During the Reporting Period, all employees are from Hong Kong in respect to geographical region.

The Team

	2021
Number of Employees	27
By Gender	
Female	8
Male	19
By Age	
25 or below	–
25 to 29	1
30 to 39	3
40 to 49	7
Over 50	16
By Employment Type	
Full-time	9
Part-time	18
By Employee Category	
Project Management	16
Administration and Finance	5
Director	6

During the Reporting Period, the employee turnover rates are as follows:

	2021
Total Employee Turnover Rate	11%
By Gender	
Female	25%
Male	5%
By Age	
25 or below	0%
25 to 29	200%
30 to 39	0%
40 to 49	0%
Over 50	6%
By Geographical Region	
Hong Kong	11%

Health and Safety

Occupational health and safety remain our first priority among all our operations due to the nature of works in construction sites. In this regard, we uphold a high standard of health and safety, comply with the customers' requirement as well as the relevant regulations, including the Occupational Safety and Health Ordinance (Cap. 509) and Factories and Industrial Undertakings Ordinance (Cap. 59). The Group has in all material respects complied with all applicable laws and regulations in Hong Kong in relation to providing a safe working environment and protecting employees from occupational hazards.

In the midst of COVID-19 pandemic, the Group takes an array of precautionary and preventive measures to protect the health of our employees. They include daily temperature check, mask wearing and social distancing requirements. The Group will continue to closely monitor the latest development and regularly review the effectiveness of strategies in combating the pandemic.

Safety Audit

During the Reporting Period, a safety audit was conducted to ensure the safe operation of office (corporate level) and on site (project level) according to the statutory requirements of the Factories and Industrial Undertakings (Safety Management) Regulation Cap. 59AF. Undertaken by a registered safety auditor, weakness of the safety management system is identified and corresponding corrective actions are to be carried out based on the findings of the audit. A comprehensive safety management plan is also established to ensure sufficient manpower, resources and trainings to staffs are properly allocated and maintained.

Certification

The Group protects the safety of its employees and subcontractors through its robust Safety Management System. We are certified with the international Occupational Health and Safety Management System Standard ISO 45001:2018 during the Reporting Period for our efforts in safeguarding occupational health and safety. This standard is implemented across all projects and is continuously updated in light of latest international trends.

Our safety and health policy stipulates the responsibilities of personnel in keeping a safe working environment by implementing all relevant safety procedures and practicable measures. All of our employees and subcontractors are required to comply with this policy. Professional competency and safety awareness of our frontline supervisory employees are of utmost importance. We require all foremen to hold a Construction Safety Supervisor Certificate. Also, regular safety meetings are held for safety officers and site supervision teams to exchange the latest information and industry best practices regarding safety.

In recognizing our dedication in implementing safety measures and safety management system to enhance safety performance of RMAA works, we are delighted to receive a certificate offered by OSH Star Enterprise during the Reporting Period. Looking forward, we will continue to refine our management approach to raise our ability to boost safety performance.

During the last three reporting periods, no work-related fatalities were recorded by the Group. In terms of work-related injuries during the Reporting Period, there were 3 reported cases, resulting a total of 102 lost days. The Group continues to reflect on its existing safety policies and is committed to continuously adapt and improve its occupational safety measures as would be necessary.

Development and Training

The Group strives to enhance the professional competency and capability of employees in their work through providing a range of development and training programmes. Trainings are designed and executed based on the specific needs of their respective roles and duties. The Group puts in unremitting effort and invests sufficient resources in the personal development and career advancement in our people so that they can learn and strive with us. Apart from on-the-job training, we promote continuous education by encouraging staffs to engage in internal and external training to enrich their professional capacity, technical knowledge and soft skills.

During the Reporting Period, the details of employees who received trainings are as follows:

Percentage of Trained Employees (%)	2021
Total	67%
By Gender	
Male	72%
Female	28%
By Employee Category	
Project Management	56%
Administration and Finance	17%
Director	28%

Percentage of Trained Employees (%)	2021
Average Training Hours (Hours)	
By Gender	
Male	3.42
Female	1.38
By Employee Category	
Project Management	2.67
Administration and Finance	1.67
Director	4.33

Labour Standards

The Group strictly complies with the Employment Ordinance (Cap. 57) and has zero tolerance for any form of child labour or forced labour. With strict labour standards and recruitment policies, we ensure no child or forced labour in our business operation. Identity documents provided by applicants are checked thoroughly and verified by our recruitment personnel. The employment policies of the Group also ensure the right of free choice of employment and ensure that all employment relationships are established on a voluntary basis. If any child or forced labour is discovered, the Group would immediately terminate his/her employment and investigate the incident.

During the Reporting Period, the Group has not identified any non-compliance cases involving child labour and forced labour.

Sustainable Procurement

The Group strives to build a long-lasting relationship with suppliers and subcontractors. In relation to this, we have established a procurement policy to regulate the assessment and selection of suppliers. Only those on the approved list who has passed the Group's quality control tests and have a satisfactory record of quality and on-time delivery will be considered for business engagement. Apart from product quality, we are dedicated to assessing and selecting suppliers or contractors based on their ability of demonstrating eco-friendly and socially responsible practices as well as the adherence to relevant environmental and safety standards. To ensure the performance of the subcontractors and suppliers are up to the standard, evaluation of a supplier on an annual basis is conducted. Various well-defined and stringent criteria include but not limited to the professional qualification, services/products quality, financial status, operation in good integrity, environmental performance and social responsibility. Suppliers or subcontractors may be removed from the approval list if they fail to perform up to standard upon the evaluation result.

The Group demonstrates its environmental stewardship through adhering to green procurement practices. We strive to purchase and use eco-friendly products in our daily operation. For instance, during the Reporting Period, we are glad to be certified with Hong Kong Green Label Scheme for one of our paints used in a construction work. This recognizes our effort in embedding environmentally friendly considerations in our work.

During the Reporting Period, the Group has 38 approved suppliers with all offices located in Hong Kong.

Product and Service Responsibility

The Group strictly complies with the relevant laws and regulations relating to product responsibility that have significant impacts, including but not limited to the Trade Descriptions Ordinance (Cap. 362 of the Laws of Hong Kong) and the Sale of Goods Ordinance (Cap. 26 of the Laws of Hong Kong).

The Group understands the great deal of trust our customer place in us when choosing to engage us for business. As such, we uphold a high standard of service quality and safety so as to ensure compliance with the relevant laws and regulations. Apart from setting relevant internal policies to govern our work, we have obtained ISO 9001:2015 Quality Management System which serves to help us monitor and improve our quality control capacity.

Our on-site personnel of project management team would closely inspect and monitor the work performed by our subcontractors, to ensure that the work meets the requirements of our customers and uphold the ISO 9001, ISO 14001 and ISO 45001 standards in relation to work quality, occupational safety and environmental protection. To ensure compliance with our customers' specifications and requirements, our quantity surveyor would also carry out in-house quality inspection and supervision.

During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations related to health and safety, advertising, labelling and privacy matters relating to the products and services provided.

Customer Management

Close communication with customers has always been maintained to ensure the delivery of our work fulfil or even exceed the expectation and needs of our customers. Prior to the commencement of a project, The Group takes a proactive approach in communicating and confirming the work plan with customer in a timely manner. We also actively monitor, process and coordinate with customers from time to time during the implementation stage of a project. To understand more accurately their specific requirements, during the Reporting Period, the Group launched a customer satisfaction survey to gather their opinion and views, in aspects such as the work progress, workmanship and planning and management of the projects. This survey has enabled us better improve our work quality that tailored customers' needs.

During the Reporting Period, the Group has not received any material complaints or request to terminate projects due to poor quality and safety, nor there is any product labelling or products sold or shipped subject to recalls for safety and health reasons. If a complaint arises, the Group will immediately assess the complaint and conduct an internal investigation into the matter to identify the source of the issue. If the complaint is valid, the Group will immediately provide the relevant solution to solve the issues as soon as practicable.

Intellectual Property

Our operation involves the handling of confidential information. It is therefore our foremost task to protect the intellectual property right of whom we have contact with. The management and relevant department review the contracts entered into with customers and suppliers to ensure the intellectual property rights are properly accounted for. The Group also complies with relevant law and regulation of data privacy. All confidential data of customers can only be accessed by the staffs who are responsible for the projects for relevant clients. During the Reporting Period, the Group has not identified any non-compliance cases relating to product responsibility.

Information Security

Information security is essential to the integrity and stability of our operation. In connection to this, the Group has appointed a third-party service provider for the management of information security. Their responsibilities include but not limited to the installation, support and monitoring of internet servers, implementation of LAN/WAN network, as well as data backup and restoration.

Prevention is the key to protect information system. Therefore, regular checks and inspection are conducted to ensure the proper operation and function of software and hardware, all malfunctions shall be recorded and corresponding corrective actions must be carried out. Moreover, internet and information system safety are protected from unauthorized access through various control measures including granting access rights to employees by department head, installing firewalls and enforcing password requirements.

Anti-corruption

The Group believes that the integrity of business is the foundation of corporate social responsibility, as well as a fundamental element for a business's competitive advantage and sustainability. The Group is committed to the highest possible standards of openness, probity and accountability. The Group adopts a policy of zero tolerance towards corruption. All employees must fully comply with relevant local laws and regulations, such as the "Prevention of Bribery Ordinance" in Hong Kong, as well as the Group's own policies on prevention of corruption. During the Reporting Period, our employees, including the Director, received a 2-hour anti-corruption training.

Whistle-Blowing Policy

To facilitate our employees to report illegality, irregularity, malpractice, unethical acts or behaviours, inappropriate conducts or actions, the Group has established a whistle-blowing policy and procedures. Employees are encouraged to report any suspicious activities or behaviours that violate our values and Group's policies regarding ethics, including but not limited to events that are non-compliant with the Group's policy, laws, rules, regulations, general practice of financial reporting and internal control. The concerns about the aforementioned malpractices can be reported to the Audit Committee via mail or email.

The Group handles reported cases cautiously and each submitted case will be handled and investigated promptly, thoroughly and seriously. A full investigation will then be conducted, disciplinary action will be applied to the employees involved upon confirmation of the occurrence, and further legal action may be taken depending on the nature and particular circumstances of each case.

The whistle-blowing policy and its procedures are applicable to all levels of the members of the Group, and have been clearly stipulated in the employee handbook and have been circulated among employees for their reference.

During the Reporting Period, no legal cases regarding corruption were brought against the Group or its employees, and the Group is not aware of any incidents of bribery, extortion, fraud, money laundering or other violations.

Community Investment

The Group recognises the importance of social responsibilities and regards public welfare as one of the core aspects of its corporate culture. We encourage our employees to contribute to the community through volunteerism, philanthropy and community services.

During the Reporting Period, the Group had not organized any community and charity activities due to the outbreak of COVID-19. Although the Group had not carried out any community services, it has donated HK$145,000 to non-profit and charitable organizations, supporting the underprivileged, elderly or disabled individuals. Looking forward, we will continue to contribute to the society and explore more opportunities after the COVID-19 situation are improved and restrictions are lifted.

HKEX ESG CONTENT INDEX

Aspect	Description	Chapter/Section	Remarks
A. Environmental			
A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental — Overview, Compliance and Grievance, Emissions	
KPI A1.1	The types of emissions and respective emissions data.	Emissions	
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable	The Group has not identified any hazardous waste that was produced by our core business
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management	
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions, Mitigating Measures, Energy and Water Consumption	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management, Mitigating Measures	

Aspect	Description	Chapter/Section	Remarks
A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources, and Environment and Natural Resources	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Energy and Water Consumption	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Energy and Water Consumption	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy and Water Consumption	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Energy and Water Consumption	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable	Use of packaging materials is not applicable to our core business and is not identified as material aspect in the Group's business
A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Use of Resources, and Environment and Natural Resources	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Use of Resources, and Environment and Natural Resources	
A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change	
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change	

Aspect	Description	Chapter/Section	Remarks
B. Social			
B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Social — Overview, Compliance and Grievance, Employment	
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment — The Team	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment — The Team	

Aspect	Description	Chapter/Section	Remarks
B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety	
KPI B2.2	Lost days due to work injury.	Health and Safety	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety	
B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work.	Development and Training	
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training	
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training	

Aspect	Description	Chapter/Section	Remarks
B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards	
B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Sustainable Procurement	
KPI B5.1	Number of suppliers by geographical region.	Sustainable Procurement	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Sustainable Procurement	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Procurement	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Procurement	

Aspect	Description	Chapter/Section	Remarks
B6: Product and Service Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product and Service Responsibility	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product and Service Responsibility	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product and Service Responsibility — Customer Management	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product and Service Responsibility — Intellectual Property	
KPI B6.4	Description of quality assurance process and recall procedures.	Product and Service Responsibility	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product and Service Responsibility — Information Security	

Aspect	Description	Chapter/Section	Remarks
B7: Anti- corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti- corruption, Whistle-blowing Policy	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption	
KPI B7.2	Description of preventive measures, how they are implemented and monitored.	Anti-Corruption	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption	
B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Investment	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment	

INDEPENDENT AUDITOR'S REPORT

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF UNITY ENTERPRISE HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Unity Enterprise Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 63 to 113, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of contract revenue from repair, maintenance, alteration and addition ("RMAA") works contracts

We identified the contract revenue of RMAA works contracts, as a key audit matter due to significant judgments involved in the management's assessment process. The contract revenue of RMAA works contracts amounting to approximately HK$249,625,000 was recorded in note 7 to the consolidated financial statements. The Group recognised contract revenue of RMAA works contracts according to the management's estimation of the progress and outcome of the project. The management estimated revenue in accordance with the terms set out in the relevant contracts or, in case of variation orders, based on contract terms or other forms of agreements.

Our responses:

Our procedures in relation to the contract revenue of RMAA works contracts:

- Inspecting the contract agreements with customers, on a sample basis, to identify key terms and conditions, including contracting parties, contract period, contract sum, scope of work, liquidated damages and evaluating whether these key terms and conditions had been appropriately reflected in the total estimated revenue; and

- Evaluating the reasonableness of contract revenue recognised by:

  — Checking the latest certificates issued by the external surveyors, customer's correspondences or other documents issued before year end date to evaluate the value of work already performed during the year, on a sample basis;

  — Checking to the Group's internal progress report as well as other supporting documents including the certificates issued by the surveyors, customer's correspondences or other documents issued subsequent to year end date to evaluate subsequent progress of respective projects, on a sample basis; and

  — Assessing the reasonableness of the gross margin during the year by comparing with the budgeted profit of the whole RMAA works project, on a sample basis.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Lui Chi Kin
Practising Certificate no. P06162

Hong Kong, 25 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	7	**249,625**	314,214
Cost of services		**(204,784)**	(255,550)
Gross profit		**44,841**	58,664
Other income and gain	8	**996**	1,168
Administrative expenses		**(9,826)**	(6,513)
Loss allowances on trade receivables and contract assets	29(ii)	**(2,025)**	(2,009)
Listing expenses		**(2,186)**	(4,593)
Finance costs	9	**(199)**	(249)
Profit before income tax	10	**31,601**	46,468
Income tax expense	11	**(5,319)**	(8,731)
Profit and total comprehensive income for the year		**26,282**	37,737
Profit attributable to owners of the Company		**26,282**	37,737
Earnings per share attributable to owners of the Company			
Basic and diluted	13	**HK2.80 cents**	HK5.03 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 HK$'000	2020 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**1,302**	130
Deferred tax assets	24	**1,129**	648
Total non-current assets		**2,431**	778
Current assets			
Trade receivables	16	**165,517**	152,073
Contract assets	17	**30,719**	33,585
Deposits, prepayments and other receivables	18	**4,109**	8,700
Amount due from a director	19	**–**	28,899
Tax recoverable		**2,250**	600
Time deposit	20	**50,000**	–
Cash and bank balances	20	**23,420**	15,604
Total current assets		**276,015**	239,461
Current liabilities			
Trade payables	21	**59,885**	108,859
Accrued liabilities and other payables	22	**31,713**	47,653
Lease liabilities	25	**139**	72
Tax payable		**24,007**	18,207
Bank borrowings	23	**–**	8,463
Total current liabilities		**115,744**	183,254
Net current assets		**160,271**	56,207
Total assets less current liabilities		**162,702**	56,985
Non-current liabilities			
Bank borrowings	23	**–**	2,870
Total non-current liabilities		**–**	2,870
NET ASSETS		**162,702**	54,115

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 HK$'000	2020 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	26(a)	10,000	–
Reserves	26(b)	152,702	54,115
TOTAL EQUITY		162,702	54,115

The consolidated financial statements on pages 63 to 113 were approved and authorised for issue by the board of directors on 25 March 2022 and are signed on its behalf by:

Yeung Wing Sun
Director

Chan Leung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital HK$'000	Share premium* HK$'000	Retained earnings* HK$'000	Total equity HK$'000
At 1 January 2020		–	–	31,378	31,378
Profit and total comprehensive income for the year		–	–	37,737	37,737
Dividend	12	–	–	(15,000)	(15,000)
At 31 December 2020 and 1 January 2021		**–**	**–**	**54,115**	**54,115**
Profit and total comprehensive income for the year		**–**	**–**	**26,282**	**26,282**
Issue of shares pursuant to the Listing of the Company	26(a)	**2,500**	**137,500**	**–**	**140,000**
Capitalisation issue of shares	26(a)	**7,500**	**(7,500)**	**–**	**–**
Expenses incurred in connection with issue of new shares		**–**	**(28,895)**	**–**	**(28,895)**
Dividend	12	**–**	**–**	**(28,800)**	**(28,800)**
At 31 December 2021		**10,000**	**101,105**	**51,597**	**162,702**

* These reserve balances comprised the reserve account as set out in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Profit before income tax		**31,601**	46,468
Adjustments for:			
Depreciation of property, plant and equipment	10	**648**	856
Gain on disposal of property, plant and equipment	8	**(435)**	–
Interest income	8	**(181)**	–
Interest expenses	9	**199**	249
Loss allowances on trade receivables and contract assets	29(ii)	**2,025**	2,009
Operating profit before working capital changes		**33,857**	49,582
Increase in trade receivables		**(15,533)**	(43,564)
Decrease/(increase) in contract assets		**2,930**	(8,476)
Decrease in deposits, prepayments and other receivables		**4,652**	905
(Decrease)/increase in trade payables		**(48,974)**	35,188
Decrease in accrued liabilities and other payables		**(15,841)**	(6,719)
Cash (used in)/generated from operations		**(38,909)**	26,916
Income tax paid		**(1,650)**	(4,668)
Net cash (used in)/generated from operating activities		**(40,559)**	22,248
Cash flows from investing activities			
Interest received		**120**	–
Purchase of property, plant and equipment		**(979)**	(27)
Placement of a time deposit		**(50,000)**	–
Advance to a director		**–**	(25,167)
Net cash used in investing activities		**(50,859)**	(25,194)
Cash flows from financing activities	27		
Proceeds from bank borrowings		**10,200**	16,800
Repayments of bank borrowings		**(21,533)**	(7,467)
Payments of lease liabilities		**(352)**	(432)
Proceeds from issue of new shares		**140,000**	–
Payment of share issue expenses		**(28,895)**	–
Interest paid		**(186)**	(233)
Net cash generated from financing activities		**99,234**	8,668
Net increase in cash and cash equivalents		**7,816**	5,722
Cash and cash equivalents at beginning of the year		**15,604**	9,882
Cash and cash equivalents at end of the year, representing cash and bank balances		**23,420**	15,604

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 1103, 11th Floor, 9 Chong Yip Street, 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 ("Listing").

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 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").

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of incorporation/ establishment and place of operations	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Directly	Indirectly	
Keybase Assets Limited ("Keybase Assets")	BVI 5 July 2012	US$1	100%	–	Investment holding
Hong Dau Construction Company Limited ("HDC")	Hong Kong 8 December 1981	HK$300,000	–	100%	Provision of RMAA works
Hong Dau Construction & Engineering Co. Limited ("HDE")	Hong Kong 15 October 2005	HK$10,000	–	100%	Provision of RMAA works

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certificate Public Accountants ("HKICPA") and the disclosures required by the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

Items included in the financial information of each entity within the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The functional currency of the Company is Hong Kong dollars ("HK$"). The companies comprising the Group are operating in Hong Kong and their functional currencies are HK$. HK$ is used as the presentation currency of the Group.

The financial statements have been prepared on the historical cost basis and are presented in HK$ and all values are rounded to the nearest thousand except when otherwise indicated.

3. ADOPTION OF HKFRSs

(a) Adoption of new or amended HKFRSs

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

Amendment to HKFRS 16	Covid-19-Related Rent Concession
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

These new or amended HKFRSs do not have a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS Standards	Annual Improvements to HKFRS Standards 2018–2020[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds Before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[4]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 No mandatory effective date yet determined but is available for early adoption
4 Effective for annual periods beginning on or after 1 April 2021

The directors of the Company anticipate that the adoption of the above new and amendments to HKFRSs will have no material impact on the financial statements of the Group in the future.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Group is able to exercise control. The Group controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investment in a subsidiary is accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable. Impairment testing of the investment in a subsidiary is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the year the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold improvement	Over the remaining life of the leases but not exceeding 5 years
Office equipment	5 years
Furniture and fixtures	5 years
Motor vehicles	4 to 5 years
Right-of-use assets	Over the shorter of estimated useful life and the lease terms

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(d) Impairment of non-financial assets

Property, plant and equipment and investment in a subsidiary are subject to impairment testing.

At the end of each reporting period, the Group reviews the carrying amounts of these assets to determine whether there is any indication that these assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

(f) 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. 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:

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

- 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (Continued)

(ii) Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, 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 Group 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 Group'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 Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group 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 Group 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 Group 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:

- 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;

- 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (Continued)

(ii) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group 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 Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group 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 Group 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 Group 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 Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial instrument is more than 90 days past due unless the Group 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; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (Continued)

(ii) Impairment of financial assets (Continued)

Write-off policy

The Group 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 Group'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 Group'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 Group in accordance with the contract and all the cash flows that the Group 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:

- Nature of financial instruments (i.e. the Group's trade receivables, amount due from a director and other receivables are each assessed as a separate group);
- 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (Continued)

(ii) *Impairment of financial assets (Continued)*

Measurement and recognition of ECL (Continued)

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 Group 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 Group 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 Group 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 Group derecognises financial liabilities when, and only when, the Group'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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue recognition

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 Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15 "Revenue from Contracts with Customers".

A contract asset represents the Group's right to consideration in exchange for services that the Group 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 Group'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 Group's obligation to transfer services to a customer for which the Group 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.

For contracts that contain variable consideration, the Group 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 Group 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue recognition (Continued)

At the end of each reporting period, the Group 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.

The Group 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

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

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

Contract asset is recognised when (i) the Group completes the RMAA works 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 Group recognises a contract liability for the difference.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue recognition (Continued)

(i) Provision of RMAA works (Continued)

For warranty embedded to the RMAA works contracts, the Group 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.

(ii) Other income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(h) Leasing

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

(i) Right-of-use assets

The Group recognised right-of-use assets and lease liabilities at the commencement date of the leases. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease terms.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leasing (Continued)

The Group as lessee (Continued)

(ii) Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate

After the commencement date, lease liabilities are adjusted by interest assertion and lease payments. The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

(iii) Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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 Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(j) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowing pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

(k) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in a subsidiary, except where the Group 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Income taxes (Continued)

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

(a) the Group 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 Group 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.

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation as a result of a past event, which will probably result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Company.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Related parties (Continued)

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 and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(n) Segment reporting

The Group 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 Group'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 Group's major operations.

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

(o) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In the adoption of the Group'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 current 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) Current tax

Judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the years in which such determination is made.

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

The Group 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 Group'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 Group's trade receivables and contract assets are disclosed in note 29(ii).

(c) Estimation of RMAA works contracts

The Group reviews and revises the estimates of contract revenue, contract costs, variations in project work and claims prepared for each RMAA works 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.

6. OPERATING SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM"), being the executive directors of the Company, in order for CODM to allocate resources and to assess performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The Group's CODM makes decisions according to the operating results of each segment. No analysis of segment asset and segment liability is presented as the Group's CODM does not regularly review such information for the purpose of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

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:

	2021 **HK$'000**	2020 HK$'000
Customer A	**61,554**	57,309
Customer B	**54,913**	130,503
Customer C	**45,998**	38,592

7. REVENUE

Revenue represents transaction price received and receivable for the provision of RMAA works provided by the Group to customers.

Disaggregation of revenue

	2021 HK$'000	2020 HK$'000
Type of contract nature		
Project-based		
— Subcontractor	187,348	266,476
— Main contractor	32,288	16,881
Term-contract based	29,989	30,857
	249,625	314,214
Type of developments		
Residential	158,542	179,866
Commercial and industrial	81,083	134,348
Institutional organisation	10,000	–
	249,625	314,214

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.

Transaction price allocated to the remaining performance obligations

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

	2021 HK$'000	2020 HK$'000
Provision of RMAA works		
Expected to be recognised within one year	179,136	244,295
Expected to be recognised after one year	33,636	61,617
	212,772	305,912

Based on the information available to the Group at the end of each reporting period, the management of the Group expects the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts in respect of provision of RMAA works as at 31 December 2021 has been/will be recognised as revenue in the subsequent 1 month to 24 months (2020: 1 month to 34 months).

8. OTHER INCOME AND GAIN

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

	2021 HK$'000	2020 HK$'000
Gain on disposal of property, plant and equipment	**435**	–
Government subsidies (note 1)	**–**	1,168
Reimbursement of litigation costs and disbursement (note 2)	**380**	–
Bank interest income	**181**	–
	996	1,168

Notes:

(1) The government subsidies are mainly related to wage subsidies from the Government of Hong Kong Special Administrative Region under the Employment Support Scheme ("ESS"). Under the terms of the ESS, the Group 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.

(2) HDC had been joined as a third party in District Court Civil Action 2744 of 2017. Subsequent to the settlement of the main action between the plaintiff and the defendants, the defendants paid HDC a total sum of HK$380,000 being agreed costs and disbursements and discontinued the third party proceeding against HDC.

9. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest on bank borrowings	186	233
Interest on lease liabilities	13	16
	199	249

10. PROFIT BEFORE INCOME TAX

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

	2021 HK$'000	2020 HK$'000
Employee benefit expenses (including directors' remuneration):		
— Directors' fees	360	–
— Salaries, allowances and other benefits	8,355	6,988
— Contributions to retirement benefits schemes	275	270
Total employee benefit expenses	8,990	7,258
Auditor's remuneration	700	700
Depreciation of property, plant and equipment	648	856

The employee benefit expenses included in cost of services were approximately HK$4,434,000 (2020: HK$4,175,000) for the year.

11. INCOME TAX EXPENSE

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 2020 and 2021. The profits of the other Hong Kong subsidiary were taxed at a flat rate of 16.5%.

During the year ended 31 December 2019, the Hong Kong Inland Revenue Department ("IRD") has issued an enquiry letter to HDC requesting for breakdowns and details of cost of construction work executed by HDC for the year of assessment 2012/13. An additional assessment was issued by IRD demanding additional profits tax of HK$1,320,000 for the year of assessment 2012/13. The Group has filed an objection to IRD in respect of the aforesaid additional assessment. A tax reserve certificate of HK$1,320,000 for condition holdover order of objection against the additional assessment was purchased by the Group.

During the year ended 31 December 2020, the IRD issued an additional assessment demanding additional profits tax of HK$1,320,000 for the year of assessment 2013/14 to HDC. The Group filed an objection to IRD in respect of the aforesaid assessment and an unconditional holdover of an amount of HK$720,000 was granted by IRD on 27 March 2020.

In February 2021, the IRD issued additional assessments demanding additional profits tax of HK$1,650,000 for the year of assessment 2014/15 to HDC and HK$165,000 for the year of assessment 2014/15 to HDE. The Group filed objections to the IRD in respect of the aforesaid assessments on 17 February 2021 and 24 February 2021 for HDC and HDE, respectively. In relation to HDE, an unconditional holdover of an amount of HK$165,000 was granted by the IRD on 12 March 2021. In relation to HDC, as no part of the tax has been held over by the IRD, the Group has made a payment of HK$1,650,000 to the IRD on 29 March 2021 in respect of the additional assessment for HDC.

In December 2021, the IRD issued additional assessments demanding additional profits tax of HK$1,650,000 for the year of assessment 2015/16 to HDC and HK$82,500 for the year of assessment 2015/16 to HDE. The Group filed objections to the IRD in respect of the aforesaid assessments on 3 January 2022 for these subsidiaries. In relation to HDE, an unconditional holdover of an amount of HK$82,500 was granted by the IRD on 19 January 2022. In relation to HDC, based on the letter issued by the IRD on 19 January 2022, the objection is still being considered by the IRD. As no part of the tax has been held over by the IRD, the Group has made a payment of HK$1,650,000 to the IRD on 26 January 2022 in respect of the additional assessments for HDC.

11. INCOME TAX EXPENSE (CONTINUED)

In January 2022, the IRD issued an enquiry letter to HDC requesting for accounting records of HDC for the year of assessment 2016/17 and a list of personal assets of the directors and shareholders of HDC. As it takes time to collate relevant information, the Group filed an extension letter on 24 February 2022. Up to the date of approval of these financial statements, the Group has not yet received any reply from the IRD.

Having taken the opinion of tax advisers and based on the information available to the Group, the directors of the Company are of the view that HDC and HDE have sufficient grounds to substantiate the deduction claims for cost of construction work executed for the years of assessment 2012/13, 2013/14, 2014/15 and 2015/16. Accordingly, no provision in respect of these additional assessments has been made in the financial statements.

A deed of indemnity dated 18 March 2021 executed by the controlling shareholders in connection with the Listing, pursuant to which the controlling shareholders have undertaken in favour of the Group to indemnify all outstanding taxes incurred prior to the Listing and all reasonable costs, expenses or other liabilities which any member of the Group may incur in connection with the investigation, assessment, settlement or contesting of any taxation claim.

	2021 **HK$'000**	2020 HK$'000
Current tax — Hong Kong Profits Tax		
— Charge for the year	**5,800**	8,731
Deferred tax (note 24)		
— Credit for the year	**(481)**	–
	5,319	8,731

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

	2021 **HK$'000**	2020 HK$'000
Profit before income tax	**31,601**	46,468
Tax at the rates applicable to profits in the tax jurisdictions concerned	**5,052**	7,528
Tax effect of non-taxable income	**(99)**	(189)
Tax effect of non-deductible expenses	**366**	1,402
Tax reduction	**–**	(10)
Income tax expense	**5,319**	8,731

12. DIVIDENDS

On 29 March 2021, the Company declared interim dividends of HK$288,000 (2020: HK$150,000) per ordinary share amounting to HK$28,800,000 (2020: HK$15,000,000) to Harvest Land, being the then shareholder of the Company, in which a director of the Company holds 100% of its beneficial interests. The interim dividends were settled through the current account with the director. Other than the above, no dividend has been paid or declared by other companies comprising the Group for the years ended 31 December 2020 and 2021.

The directors recommended not to declare a final dividend for the year ended 31 December 2021 (2020: Nil).

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company and the weighted average number of ordinary shares of 939,041,096 (2020: 750,000,000) in issue during the year.

	2021 HK$'000	2020 HK$'000
Earnings		
Profit attributable to owners of the Company for the purpose of calculating earnings per share	**26,282**	37,737

	Number of shares	
	2021 '000	2020 '000
Shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**939,041**	750,000

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2021 represented 100 ordinary shares of the Company as at 1 January 2021, 749,999,900 ordinary shares of the Company issued under the Capitalisation Issue (as defined in note 26(a)(ii)), as if these additional shares issued under the Capitalisation Issue had been in issue throughout the year ended 31 December 2021, and weighted average number of 189,041,096 ordinary shares of the Company issued upon the Listing on the Main Board of the Stock Exchange on 31 March 2021.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2020 represented 100 ordinary shares of the Company as at 1 January 2020, 749,999,900 ordinary shares of the Company issued under the Capitalisation Issue, as if these additional shares issued under the Capitalisation Issue had been in issue throughout the year ended 31 December 2020.

No adjustment has been made to the basic earnings per share presented for the years ended 31 December 2021 and 2020 in respect of a dilution as the Group had no potentially diluted ordinary shares in issue during those years.

14. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

Mr. Mak Alexander, Ms. Chan Mei Wah and Mr. Wu Hak Ping were appointed as independent non-executive directors of the Company with effect from 15 March 2021.

The emoluments paid or payable to the directors of the Company by entities comprising the Group during the year are set out below:

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Year ended 31 December 2020				
Executive directors:				
Mr. Yeung Wing Sun	–	1,200	18	1,218
Mr. Chan Leung	–	414	18	432
	–	1,614	36	1,650
Year ended 31 December 2021				
Executive directors:				
Mr. Yeung Wing Sun	**–**	**1,650**	**18**	**1,668**
Mr. Chan Leung	**–**	**554**	**18**	**572**
	–	**2,204**	**36**	**2,240**
Non-executive director:				
Mr. Li Fat Chung	**90**	**–**	**–**	**90**
Independent non-executive directors:				
Mr. Mak Alexander	**90**	**–**	**–**	**90**
Ms. Chan Mei Wah	**90**	**–**	**–**	**90**
Mr. Wu Hak Ping	**90**	**–**	**–**	**90**
	270	**–**	**–**	**270**
	360	**2,204**	**36**	**2,600**

The non-executive director did not receive any emolument in the capacity of a director during the year ended 31 December 2020.

There was no arrangement under which a director waived or agreed to waive any emoluments during the year.

14. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included two directors (2020: one director) of the Company and their emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2020: four) individuals for the year are as follows:

	2021 **HK$'000**	2020 HK$'000
Salaries, allowances and other benefits	**1,960**	1,879
Contributions to retirement benefits scheme	**54**	72
	2,014	1,951

The emoluments paid to each of the above non-director highest paid individuals for the year fell within the following bands:

	Number of individuals 2021	Number of individuals 2020
Nil to HK$1,000,000	**3**	4

During the year, no emoluments was paid by the Group to the directors of the Company or any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Right-of-use assets HK$'000	Total HK$'000
Cost						
At 1 January 2020	218	1,129	204	1,330	801	3,682
Additions	–	14	13	–	–	27
At 31 December 2020 and 1 January 2021	218	1,143	217	1,330	801	3,709
Additions	–	8	–	1,406	406	1,820
Disposal	–	–	–	(1,330)	–	(1,330)
Expiration of lease contract	–	–	–	–	(801)	(801)
At 31 December 2021	218	1,151	217	1,406	406	3,398
Accumulated depreciation						
At 1 January 2020	91	1,107	195	996	334	2,723
Provided for the year	109	10	3	334	400	856
At 31 December 2020 and 1 January 2021	200	1,117	198	1,330	734	3,579
Provided for the year	18	12	6	264	348	648
Disposal	–	–	–	(1,330)	–	(1,330)
Expiration of lease contract	–	–	–	–	(801)	(801)
At 31 December 2021	218	1,129	204	264	281	2,096
Net carrying amount						
At 31 December 2021	–	22	13	1,142	125	1,302
At 31 December 2020	18	26	19	–	67	130

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 25.

16. TRADE RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables, gross	**172,641**	157,108
Less: Loss allowances recognised (note 29(ii))	**(7,124)**	(5,035)
	165,517	152,073

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 loss allowances at the end of reporting period based on invoice date is as follows:

	2021 HK$'000	2020 HK$'000
Within one month	**35,739**	28,307
One to three months	**30,991**	68,893
More than three months but within one year	**65,165**	50,246
More than one year	**33,622**	4,627
	165,517	152,073

Included in the Group's trade receivables balance as at 31 December 2021 are debtors with aggregate carrying amounts of approximately HK$129,778,000 (2020: HK$123,779,000), which are past due as at the reporting date. Out of the past due balances, approximately HK$71,663,000 (2020: HK$42,026,000) 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 Group does not hold any collateral over these balances.

At as 31 December 2020, trade receivables of approximately HK$7,270,000 were subject to assignment and charge arrangement, in which the proceeds from a specific contract with a customer was assigned to a bank to secure the bank loans of the Group (note 23).

17. CONTRACT ASSETS

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

	2021 HK$'000	2020 HK$'000
Contract assets		
— Retention receivables	**31,854**	34,784
Less: Loss allowances recognised (note 29(ii))	**(1,135)**	(1,199)
	30,719	33,585

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on revenue related to the provision of RMAA works. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group provides the invoice to the customer.

Retention receivables represent the money retained by the Group's customers to secure the due performance of the contracts. The customers normally withhold up to 10% of each interim payment and up to a maximum limit of 5% of the contract sum as retention money for the project, 50% of which is normally recoverable upon the practical completion of respective projects and the remaining 50% is recoverable after the completion of defects liability period specified in the relevant contracts, normally one year from the date of completion of respective projects.

At 31 December 2021, the amounts of contract assets that are expected to be recovered after one year are approximately HK$30,066,000 (2020: HK$19,568,000).

18. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Rental, utilities and sundry deposits	**2,508**	2,511
Tax reserve certificate (note 11)	**1,320**	1,320
Deferred listing expenses	**–**	4,840
Other prepayments	**216**	29
Other receivables	**65**	–
	4,109	8,700

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

19. AMOUNT DUE FROM A DIRECTOR

The amount due from a director of the Company is as follows:

	2021 HK$'000	2020 HK$'000
Director		
Mr. Yeung Wing Sun	–	28,899

	Maximum amount outstanding during the year ended 31 December	
	2021 HK$'000	2020 HK$'000
Director		
Mr. Yeung Wing Sun	41,490	42,729

The amount due from a director was non-trade nature, unsecured, interest-free and had no fixed terms of repayment.

There was no balance due for repayment but has not been paid and no impairment has been made against the amount due from a director.

20. TIME DEPOSIT, CASH AND BANK BALANCES

As at 31 December 2021, the time deposit with an original maturity of more than three months of HK$50 million carried interest rate at fixed rate of 0.70% per annum. The maturity date of the time deposit is on 28 February 2022.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

21. TRADE PAYABLES

The credit term of the trade payables is 30 days from the date of invoice.

The ageing analysis of trade payables based on the invoice date as of the end of the reporting period is as follows:

	2021 HK$'000	2020 HK$'000
Within one month	13,459	26,334
One to three months	10,486	55,446
More than three months	35,940	27,079
	59,885	108,859

22. ACCRUED LIABILITIES AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Retention payables (note)	17,045	11,063
Other payables and accruals	1,275	1,333
Accrued contract costs	13,393	24,831
Accrued listing expenses	–	10,426
	31,713	47,653

Note: Retention payables to sub-contractors of RMAA works are interest-free and payable by the Group after completion of the maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts, normally one year from the completion date of the respective contracts.

At 31 December 2021, the retention payables that are expected to be settled after one year are approximately HK$16,395,000 (2020: HK$10,561,000).

23. BANK BORROWINGS

	2021 HK$'000	2020 HK$'000
Bank loans:		
Current		
Repayable within one year	–	8,463
Non-current		
Repayable after one year but not exceeding two years	–	1,900
Repayable after two years but not exceeding five years	–	970
	–	2,870
	–	11,333

As at 31 December 2020, the bank loans of approximately HK$7,533,000 carried interest rates at floating rates of 6% per annum and were secured by personal guarantees executed by the controlling shareholder, Mr. Yeung Wing Sun, and his spouse, Ms. Yu So Yin, to the extent of HK$15,000,000 as at 31 December 2020 and a deed of assignment over the proceeds from a specific contract with a customer and trade receivables of approximately HK$7,270,000 (note 16) of the Group were subject to the aforesaid assignment and charge arrangement.

As at 31 December 2020, the loan under the SME Financing Guarantee Scheme of HK$3,800,000 carried interest rate at floating rates of 2.75% per annum and was guaranteed by Hong Kong Mortgage Corporation Insurance Limited and Mr. Yeung Wing Sun to the extent of HK$3,800,000.

24. DEFERRED TAX

The following are the major deferred tax assets/(liabilities) recognised and movement during the year:

	Accelerated tax depreciation HK$'000	Loss allowances HK$'000	Total HK$'000
At 1 January 2020, 31 December 2020 and 1 January 2021	(36)	684	648
(Debit)/credit to profit or loss (note 11)	(53)	534	481
At 31 December 2021	(89)	1,218	1,129

As at 31 December 2021, the Group had estimated unused tax losses of HK$4,000 (2020: HK$4,000) available for offset against future profits. The estimated unused tax losses arising in Hong Kong available may be carried forward indefinitely for offsetting against future taxable profit of a Hong Kong subsidiary in which the losses arose. Deferred tax assets have not been recognised in respect of the tax losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

25. LEASE LIABILITIES

	2021 HK$'000	2020 HK$'000
Minimum lease payments due		
Within one year	**140**	72
Less: Total future interest expenses	**(1)**	–
	139	72
Present value of lease liabilities		
Within one year	**139**	72

The total cash outflows for leases including the payments of lease liabilities for the year was HK$352,000 (2020: HK$432,000).

26. SHARE CAPITAL AND RESERVES

(a) Share capital

	Notes	Number of ordinary shares	Amount HK$'000
Authorised			
Ordinary shares of HK$0.01 each			
At 1 January 2020, 31 December 2020 and 1 January 2021		38,000,000	380
Increase in authorised share capital	(i)	9,962,000,000	99,620
At 31 December 2021		10,000,000,000	100,000
Issued and fully paid			
Ordinary shares of HK$0.01 each			
At 1 January 2020, 31 December 2020 and 1 January 2021		100	–*
Capitalisation Issue	(ii)	749,999,900	7,500
Share Offering	(iii)	250,000,000	2,500
At 31 December 2021		1,000,000,000	10,000

* Less than HK$1,000

Notes:

(i) On 15 March 2021, an ordinary resolution of the Company was passed and pursuant to which the authorised share capital of the Company was increased from HK$380,000 to HK$100,000,000 by the creation of additional 9,962,000,000 shares of HK$0.01 each.

(ii) Pursuant to the resolutions of the shareholder passed on 15 March 2021, the Company allotted and issued a total of 749,999,900 ordinary shares, credited as fully paid at par, to Harvest Land on 31 March 2021 by way of capitalisation of the sum of HK$7,499,999 standing to the credit of the share premium account of the Company (the "Capitalisation Issue").

(iii) In connection with the listing of the shares of the Company on the Stock Exchange (the "Share Offer"), 250,000,000 new ordinary shares of HK$0.01 each were issued at a price of HK$0.56 per share for a total cash consideration, before expenses, of HK$140,000,000. Dealings in the shares of the Company on the Stock Exchange commenced on 31 March 2021.

26. SHARE CAPITAL AND RESERVES (CONTINUED)

(a) Share capital (Continued)

Share options

On 15 March 2021, the share option scheme of the Company was conditionally adopted by the shareholders by way of a written resolution.

No share options under the share option scheme has been granted since its adoption.

(b) Reserves

The natures and purposes of reserves within equity are as follows:

Share premium

Under the Companies Act (as revised) of the Cayman Islands, share premium of the Company is available for paying distributions and dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distributions or dividend payments, the Company is able to pay its debts as they fall due in the ordinary course of business.

Retained earnings

The retained earnings represent cumulative net gains and losses recognised in profit or loss.

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Significant non-cash transactions

As disclosed in note 12, during the year, the interim dividend declared of HK$28,800,000 (2020: HK$15,000,000) to the then shareholder of the Company was settled through the current account with a director.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group'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 Group's consolidated statement of cash flows as cash flows from financing activities:

	Dividend payables (note 12) HK$'000	Lease liabilities (note 25) HK$'000	Bank borrowings (note 23) HK$'000	Total HK$'000
At 1 January 2020	–	488	2,000	2,488
Changes from financing cash flows	–	(432)	9,100	8,668
Other changes:				
Interest expense	–	16	233	249
Dividend declared	15,000	–	–	15,000
Settled through current account with a director	(15,000)	–	–	(15,000)
At 31 December 2020 and 1 January 2021	**–**	**72**	**11,333**	**11,405**
Changes from financing cash flows	**–**	**(352)**	**(11,519)**	**(11,871)**
Other changes:				
Interest expense	**–**	**13**	**186**	**199**
Dividend declared	**28,800**	**–**	**–**	**28,800**
Settled through current account with a director	**(28,800)**	**–**	**–**	**(28,800)**
Capitalisation of a new lease	**–**	**406**	**–**	**406**
At 31 December 2021	**–**	**139**	**–**	**139**

28. EMPLOYEE RETIREMENT BENEFITS

The employees of the Company's subsidiaries in Hong Kong participate in a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. All employees joining the Group are required to join the MPF Scheme.

Under the current rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income capped at HK$1,500 per month. The retirement benefit costs charged to profit or loss represent contributions payable to such fund by the Group at rates specified in the rules of this scheme.

As at 31 December 2020 and 2021, there were no forfeited contributions available to offset future employers' contributions to the schemes.

29. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include trade receivables, deposits and other receivables, amount due from a director, time deposit, cash and bank balances, trade payables, other payables and bank borrowings. 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) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to bank balances (note 20) and bank borrowings (note 23).

The Group currently does not have any interest rate hedging policy. The management monitors the Group's exposure on ongoing basis and will consider hedging interest rate risk should the need arises.

For the year ended 31 December 2020, the Group's cash flow interest rate risk was mainly concentrated on the fluctuation of interest rates on Hong Kong Dollar Prime Lending Rate arising from the Group's bank borrowings.

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Interest rate risk (Continued)

Sensitivity analysis

For the years ended 31 December 2021 and 2020, the bank balances are excluded from the sensitivity analysis as the management of the Group considers the fluctuation in interest rates is insignificant.

For the year ended 31 December 2020, the sensitivity analysis below had been determined based on the exposure to interest rates for bank borrowings. The analysis is prepared assuming the bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points increase or decrease in the prevailing rates of relevant banks is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the interest rates had been 100 basis points higher/lower for variable rate bank borrowings as at 31 December 2020, with all other variables held constant, the Group's profit for the year ended 31 December 2020 would decrease/increase by approximately HK$95,000.

The directors of the Company considered a reasonable change in interest rates in the next twelve months would not have any significant impact to the Group's profit for the year and retained earnings.

(ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

In order to minimise credit risk, the management of the Group 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 Group 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 Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group is exposed to concentration of credit risk at 31 December 2021 on trade receivables from the Group's top five customers accounted for 83% (2020: 93%) of the Group's total trade receivables.

The Group assessed the loss allowance for deposits, other receivables and amount due from a director on 12-month ECL basis. In determining the ECL, the Group 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 Group has considered the consistently low historical default rate in connection with payments and concluded that credit risk inherent in the Group's outstanding balances is insignificant.

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Credit risk (Continued)

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

For trade receivables and contract assets, the Group 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 Group 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 within lifetime ECL (not credit-impaired). Debtors with significant balances and credit-impaired with gross carrying amounts of approximately HK$3,426,000 (2020: Nil) as at 31 December 2021 were assessed individually.

	Average expected loss rate	Gross carrying amount Trade receivables HK$'000	 Contract assets HK$'000
As at 31 December 2020			
Low risk	0.0088%	17,400	1,282
Medium risk	3.5983%	139,708	33,502
		157,108	34,784
As at 31 December 2021			
Low risk	**0.0046%**	**14,472**	**3,048**
Medium risk	**2.6325%**	**155,207**	**28,342**
		169,679	**31,390**

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.

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Credit risk (Continued)

The Group recognised loss allowances of HK$2,089,000 (2020: HK$1,583,000) and reversed loss allowances of HK$64,000 (2020: recognised loss allowances of HK$426,000) on trade receivable and contract assets, respectively during the year.

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 year.

	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 2020	3,452	773	–	–	4,225
Loss allowances recognised	1,583	426	–	–	2,009
At 31 December 2020 and 1 January 2021	**5,035**	**1,199**	**–**	**–**	**6,234**
Loss allowances (reversed)/ recognised	**(873)**	**(528)**	**2,962**	**464**	**2,025**
At 31 December 2021	**4,162**	**671**	**2,962**	**464**	**8,259**

The Group 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 year, none of the trade receivables and contract assets had been written off.

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk

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

The following table details the Group'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 Group can be required to pay. The table includes both interest and principal cash flows.

	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within one year or on demand HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000
31 December 2020					
Trade payables	108,859	108,859	108,859	–	–
Other payables	12,396	12,396	12,396	–	–
Lease liabilities	72	72	72	–	–
Bank borrowings	11,333	11,655	8,722	1,955	978
	132,660	132,982	130,049	1,955	978

	Carrying amount HK$'000	**Total contractual undiscounted cash flows HK$'000**	**Within one year or on demand HK$'000**
31 December 2021			
Trade payables	**59,885**	**59,885**	**59,885**
Other payables	**18,320**	**18,320**	**18,320**
Lease liabilities	**139**	**140**	**140**
	78,344	**78,345**	**78,345**

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Financial instruments by category

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

	2021 HK$'000	2020 HK$'000
Financial assets at amortised cost:		
Trade receivables	165,517	152,073
Deposits and other receivables	3,893	3,831
Amount due from a director	–	28,899
Time deposit	50,000	–
Cash and bank balances	23,420	15,604
	242,830	200,407
Financial liabilities at amortised cost:		
Trade payables	59,885	108,859
Other payables	18,320	12,396
Lease liabilities	139	72
Bank borrowings	–	11,333
	78,344	132,660

(v) Fair value risk

The directors considered that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values at the end of each reporting period.

(vi) Capital management

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

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in note 23, net of cash and bank balances and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the 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 Group will balance its overall capital structure through the payment of dividends or new share issues as well as redemption of existing debts.

30. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the financial statements, the Group also had the following related party transactions during the year:

(a) Compensation of key management personnel

Compensation of key management personnel of the Group, including directors' remuneration as disclosed in note 14(a) to the financial statements, is as follows:

	2021 HK$'000	2020 HK$'000
Salaries, allowances and other benefits	**3,996**	3,278
Contributions to retirement benefits scheme	**108**	106
	4,104	3,384

(b) Transactions with related parties

During the year, the Group entered into the following transactions with its related parties:

Related parties	Nature	2021 HK$'000	2020 HK$'000
A director's spouse	Salaries, allowances and other benefits	**930**	480
	Contribution to retirement benefits scheme	**18**	18
		948	498

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2021 HK$'000	2020 HK$'000
ASSETS AND LIABILITIES			
Non-current asset			
Investment in a subsidiary		–	–
Total non-current asset		–	–
Current assets			
Prepayment		179	–
Amount due from a subsidiary		96,202	–
Amount due from the shareholder		–	–*
Cash and bank balances		10,891	–
Total current asset		107,272	–*
Current liabilities			
Accrued liabilities		10	–
Total current liabilities		10	–
Net assets		107,262	–*
EQUITY			
Share capital	26(a)	10,000	–*
Reserves	31(a)	97,262	–*
Total equity		107,262	–*

* Less than HK$1,000

The financial statements of the Company were approved and authorised for issue by the board of directors of the Company on 25 March 2022 and are signed on its behalf by:

Yeung Wing Sun *Director*	**Chan Leung** *Director*

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(a) Reserves of the Company

	Share premium HK$'000	Retained earnings/ (accumulated loss) HK$'000	Total HK$'000
At 1 January 2020	–	–	–
Profit and total comprehensive income for the year	–	15,000	15,000
Dividend (note 12)	–	(15,000)	(15,000)
At 31 December 2020 and 1 January 2021	**–**	**–**	**–**
Profit and total comprehensive income for the year	**–**	**24,957**	**24,957**
Issue of shares pursuant to the Listing of the Company	**137,500**	**–**	**137,500**
Capitalisation issue of shares	**(7,500)**	**–**	**(7,500)**
Expenses incurred in connection with issue of new shares	**(28,895)**	**–**	**(28,895)**
Dividend (note 12)	**–**	**(28,800)**	**(28,800)**
At 31 December 2021	**101,105**	**(3,843)**	**97,262**

32. CONTINGENT LIABILITIES

In the ordinary course of the Group's business, the Group has been subject to a number of claims due to 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:

	2021 HK$'000	2020 HK$'000
Performance bonds for guarantee of completion of projects issued by insurance companies	**6,613**	6,613

33. SUBSEQUENT EVENTS AND EFFECT OF COVID-19

Since the outbreak of the COVID-19 pandemic in Hong Kong, the management of the Group have closely monitored the development of the outbreak of COVID-19 pandemic and kept regular communications with its customers and subcontractors to understand whether there would be any significant impacts on the status or progress of the Group's ongoing projects and availability of subcontractors in the local market.

Based on the currently available information, the progress of certain projects of the Group has recently been affected by the fifth wave of COVID-19 infection. Given the inherent unpredictable nature and rapid development relating to COVID-19 pandemic, the Group's business might be affected should the situations in Hong Kong deteriorates and the management of the Group will continue to closely monitor in this regard.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published financial statements, is set out as below. This summary does not form part of the audited financial statements.

	FY2021 HK$'000	FY2020 HK$'000	FY2019 HK$'000	FY2018 HK$'000	FY2017 HK$'000
Revenue	**249,625**	314,214	334,249	301,978	230,558
Cost of services	**(204,784)**	(255,550)	(271,339)	(249,239)	(198,366)
Gross profit	**44,841**	58,664	62,910	52,739	32,192
Other income and gains	**996**	1,168	–	3,947	232
Administrative expenses	**(9,826)**	(6,513)	(9,029)	(5,325)	(9,374)
Loss allowances on trade receivables and contract assets	**(2,025)**	(2,009)	(2,138)	162	(1,083)
Listing expenses	**(2,186)**	(4,593)	(13,599)	–	–
Finance costs	**(199)**	(249)	(157)	(37)	(29)
Profit before income tax	**31,601**	46,468	37,987	51,486	21,938
Income tax expense	**(5,319)**	(8,731)	(8,343)	(8,310)	(3,596)
Profit and total comprehensive income for the year	**26,282**	37,737	29,644	43,176	18,342

	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000	As at 31 December 2019 HK$'000	As at 31 December 2018 HK$'000	As at 31 December 2017 HK$'000
ASSETS AND LIABILITIES					
Non-current assets	**2,431**	778	1,607	1,033	1,847
Current assets	**276,015**	239,461	173,846	150,005	174,863
Total assets	**278,446**	240,239	175,453	151,038	176,710
Non-current liabilities	**–**	2,870	72	–	102
Current liabilities	**115,744**	183,254	144,003	125,304	134,050
Total liabilities	**115,744**	186,124	144,075	125,304	134,152
Total equity	**162,702**	54,115	31,378	25,734	42,558