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Unity Group Holdings International Limited
知行集團控股國際有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1539)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Leasing services of energy saving systems	15,186	3,310
Trading of energy saving products	16,909	2,272
Consultancy service	8,102	–
	40,197	5,582
Gross profit	26,827	2,445
EBITDA <i>(Note 1)</i>	23,313	(58,156)
EBIT <i>(Note 1)</i>	21,987	(59,565)
Profit/(loss) attributable to owners of the Company	17,710	(62,240)
Basic earnings/(loss) per share <i>(HK cents)</i>	0.6	(2.6)
Diluted earnings/(loss) per share <i>(HK cents)</i>	0.6	(2.6)
Adjusted profit/(loss) attributable to owners of the Company excluding some major extraordinary or non-operating income and expenses <i>(Note 2)</i>	9,623	(23,478)
Basic earnings/(loss) per share <i>(HK cents)</i>	0.3	(1.0)
Diluted earnings/(loss) per share <i>(HK cents)</i>	0.3	(1.0)

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Total assets	<u>479,254</u>	<u>373,638</u>
Total liabilities	<u>221,389</u>	<u>246,986</u>
Net assets	<u><u>257,865</u></u>	<u><u>126,652</u></u>

Note 1: EBITDA is defined as earnings before interest expenses and other finance costs, tax, and depreciation. EBIT is defined as earnings before interest expenses and other finance costs and tax.

Note 2: Amounts are calculated based on adjusted profit/(loss) after excluding some major extraordinary or non-operating income and expenses as defined by the Group's management, the details of which can be referred to page 21 of this announcement.

- The Group's revenue increased by 617.9% from approximately HK\$5.6 million for the six months ended 30 September 2022 to approximately HK\$40.2 million for the six months ended 30 September 2023.
- The Group's gross profit increased by 102.1% from approximately HK\$2.4 million for the six months ended 30 September 2022 to approximately HK\$26.8 million for the six months ended 30 September 2023.
- The Group's profit attributable to the owners of the Company amounted to approximately HK\$17.7 million for the six months ended 30 September 2023, which significantly improved from the loss attributable to the owners of the Company amounted to approximately HK\$62.2 million for the six months ended 30 September 2022. This is mainly attributable to, inter alia, the substantial increase in the Group's revenue and gross profit, and reduction in impairment losses on financial assets.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Unity Group Holdings International Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2023 together with the comparative figures for the corresponding period in 2022 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Six months ended	
		30 September	
		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3(a)	40,197	5,582
Cost of sales		<u>(13,370)</u>	<u>(3,137)</u>
Gross profit		26,827	2,445
Other income and gains	3(b)	16,722	453
Administrative expenses		(17,811)	(18,511)
Selling and distribution costs		(2,490)	(3,035)
Finance costs	4	(1,764)	(12,087)
Other expenses		(1,621)	(41,692)
Share of results of associates		<u>360</u>	<u>775</u>
Profit/(loss) before income tax		20,223	(71,652)
Income tax (expense)/credit	5	<u>(2,428)</u>	<u>8,831</u>
Profit/(loss) for the period		<u>17,795</u>	<u>(62,821)</u>

	Six months ended	
	30 September	
	2023	2022
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
– Exchange difference arising on translation of financial statements of foreign operations	(596)	(776)
– Share of other comprehensive income of associates	<u>63</u>	<u>(48)</u>
Other comprehensive income for the period, net of tax	<u>(533)</u>	<u>(824)</u>
Total comprehensive income for the period	<u><u>17,262</u></u>	<u><u>(63,645)</u></u>
Profit/(loss) for the period attributable to:		
Owners of the Company	17,710	(62,240)
Non-controlling interests	<u>85</u>	<u>(581)</u>
	<u><u>17,795</u></u>	<u><u>(62,821)</u></u>
Total comprehensive income for the period attributable to:		
Owners of the Company	17,035	(63,448)
Non-controlling interests	<u>227</u>	<u>(197)</u>
	<u><u>17,262</u></u>	<u><u>(63,645)</u></u>
Profit/(loss) per share attributable to owners of the Company		
Basic (<i>HK cents</i>)	7	0.6
Diluted (<i>HK cents</i>)	7	0.6

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		2,442	4,115
Interests in associates		67,716	67,293
Equity investment at fair value through profit or loss ("FVTPL")		24,289	25,878
Trade receivables	8	9,080	9,719
Finance lease receivables		22,907	12,889
Deposits and other receivables		123	641
Deferred tax assets		<u>49,031</u>	<u>51,458</u>
		<u>175,588</u>	<u>171,993</u>
Current assets			
Inventories		3,123	1,671
Trade receivables	8	185,829	155,392
Finance lease receivables		1,849	2,628
Deposits, prepayments and other receivables		21,987	11,881
Due from an associate		7,174	12,005
Pledged bank deposits		1,050	–
Cash and cash equivalents		<u>82,654</u>	<u>18,068</u>
		<u>303,666</u>	<u>201,645</u>

		As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Current liabilities			
Trade payables	9	13,374	8,698
Contract liabilities		312	312
Accruals, other payables and deposits received		38,137	42,936
Borrowings	10	18,673	9,000
Lease liabilities		1,460	2,650
Due to a related company		168	352
Due to directors		1,618	2,986
Amount due to the scheme creditors		59,604	133,779
Financial liabilities at FVTPL		–	3,558
		<u>133,346</u>	<u>204,271</u>
Net current assets/(liabilities)		<u>170,320</u>	<u>(2,626)</u>
Total assets less current liabilities		<u>345,908</u>	<u>169,367</u>
Non-current liabilities			
Deposits received		1,009	1,713
Lease liabilities		222	674
Amount due to the scheme creditors		10,999	40,328
Convertible bonds	11	75,813	–
		<u>88,043</u>	<u>42,715</u>
Net assets		<u><u>257,865</u></u>	<u><u>126,652</u></u>
EQUITY			
Share capital		31,720	23,857
Reserves		236,984	113,861
Equity attributable to owners of the Company		<u>268,704</u>	137,718
Non-controlling interests		<u>(10,839)</u>	<u>(11,066)</u>
Total equity		<u><u>257,865</u></u>	<u><u>126,652</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of compliance

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2023 except that the Group has adopted the newly issued and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are effective for the annual period beginning on 1 April 2023, as disclosed in the annual financial statements for the year ended 31 March 2023. The adoption of these new and revised HKFRSs does not have a significant impact on the Group’s results and financial position.

These unaudited condensed consolidated financial statements should be read in conjunction with the annual report for the year ended 31 March 2023.

(b) Adoption of New and Revised Hong Kong Financial Reporting Standards

The following new/revised HKFRSs, potentially relevant to the Group’s unaudited condensed consolidated 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 HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred tax Related to Assets and Liabilities arising from a Single Transaction

(c) Basis of measurement

These unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair values.

(d) **Functional and presentation currency**

These unaudited condensed consolidated financial statements are presented in Hong Kong Dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. **SEGMENT INFORMATION**

For the purpose of resources allocation and performance assessment, financial information relating to these operations is reported internally and is regularly reviewed by the executive director, being the chief operating decision maker, based on the following segments:

- (1) Provision of leasing service of energy saving systems and products;
- (2) Trading of energy saving products;
- (3) Provision of consultancy service (“**Consultancy service**”); and
- (4) Provision of installation services of renewable energy systems (“**Renewable energy service**”)

Segment revenue below represents revenue from external customers. There were no inter-segment sales during the period.

	Leasing services of energy saving systems <i>HK\$'000</i>	Trading of energy saving products <i>HK\$'000</i>	Consultancy service <i>HK\$'000</i>	Renewable energy service <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 September 2023					
(Unaudited)					
Revenue from external customers	<u>15,186</u>	<u>16,909</u>	<u>8,102</u>	<u>–</u>	<u>40,197</u>
Six months ended 30 September 2022 (Unaudited)					
Revenue from external customers	<u>3,310</u>	<u>2,272</u>	<u>–</u>	<u>–</u>	<u>5,582</u>

The Group's non-current assets are mainly located in Hong Kong and Malaysia, which are divided into the following geographical areas (other than financial assets and deferred tax assets):

	Specified non-current assets	
	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Hong Kong (domiciled)	68,567	68,876
Malaysia	1,451	2,251
Others	140	281
	<u>70,158</u>	<u>71,408</u>

3. REVENUE AND OTHER INCOME AND GAINS

- (a) Revenue represents the income from trading of energy saving products, provision of leasing service, consultancy service and renewable energy service. An analysis of revenue is as follows:

	Six months ended	
	30 September 2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Revenue from contracts with customer within the scope of HKFRS 15		
Trading of energy saving products	16,909	2,272
Consultancy service income	8,102	–
Renewable energy service income	–	–
	<u>25,011</u>	<u>2,272</u>
Revenue from other sources		
Leasing service income	15,186	3,310
	<u>40,197</u>	<u>5,582</u>
Timing of revenue recognition		
At a point in time	<u>25,011</u>	<u>2,272</u>

(b) An analysis of the Group's other income and gains is as follows:

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest income		
– From bank deposits	173	110
– From other receivables	199	199
	<u>372</u>	<u>309</u>
Government grants	–	49
Reversal of impairment losses on financial assets	15,284	–
Others	1,066	95
	<u>16,722</u>	<u>453</u>

4. FINANCE COSTS

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on financial liabilities carried at amortised cost		
– Interest on other payables	1	7,116
– Interest on borrowings	624	3,983
– Interest on notes payable	–	691
– Interest on lease liabilities	47	82
– Interest on amounts due to the scheme creditors	894	–
	<u>1,566</u>	<u>11,872</u>
Interest on financial liabilities at FVTPL	198	215
	<u>1,764</u>	<u>12,087</u>

5. INCOME TAX EXPENSE/(CREDIT)

Income tax expense/(credit) in the unaudited condensed consolidated statement of comprehensive income represents:

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax		
– Over-provision in respect of prior years	–	(1,592)
Deferred tax		
– Current period	<u>2,428</u>	<u>(7,239)</u>
Income tax expense/(credit)	<u><u>2,428</u></u>	<u><u>(8,831)</u></u>

Hong Kong profits tax is calculated at the rate of 16.5% (six months ended 30 September 2022: 16.5%) on the estimated assessable profits arising in Hong Kong, except for the first HK\$2,000,000 of qualified entity's assessable profit being calculated at 8.25%, which is in accordance with the new two-tiered profits tax rates regime with effect from the year of assessment 2018/19.

Provision for the enterprise income tax in the People's Republic of China (the "PRC") is calculated based on a statutory tax rate of 25% (six months ended 30 September 2022: 25%) of the estimated assessable profits as determined in accordance with the relevant income tax law in the PRC.

A subsidiary in Malaysia has elected to pay a lump sum income taxation charge of Malaysian Ringgit ("RM") 20,000 per annum. Another subsidiary in Malaysia's corporate income tax is calculated at the applicable rate in Malaysia.

6. DIVIDENDS

No dividend has been paid or declared by the Company during each of the six months ended 30 September 2023 (for the six months ended 30 September 2022: Nil).

7. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

	Six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to owners of the Company for the purpose of calculating basic earnings/(loss) per share	<u>17,710</u>	<u>(62,240)</u>
	Six months ended 30 September	
	2023	2022
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of shares for the purpose of calculating basic earnings/(loss) per share	<u>2,791,185</u>	<u>2,385,668</u>
	<i>HK cent</i>	<i>HK cents</i>
Basic earnings/(loss) per share	<u>0.6</u>	<u>(2.6)</u>

(b) **Diluted earnings/(loss) per share**

The calculation of the diluted earnings/(loss) per share attributable to the owners of the Company for the six months ended 30 September 2023 and 2022.

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to owners of the Company	<u>17,710</u>	<u>(62,240)</u>
	Six months ended	
	30 September	
	2023	2022
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of shares in issue	2,791,185	2,385,668
Effect of dilutive potential shares on convertible bonds	1,292	–
Effect of dilutive potential shares on share options	<u>38,558</u>	<u>–</u>
Weighted average number of shares for diluted earnings/(loss) per share	<u>2,831,035</u>	<u>2,385,668</u>
	<i>HK cent</i>	<i>HK cents</i>
Diluted earnings/(loss) per share	<u>0.6</u>	<u>(2.6)</u>

8. TRADE RECEIVABLES

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Trade receivables	493,812	479,019
Less: Provision for impairment loss	<u>(298,903)</u>	<u>(313,908)</u>
Trade receivables, net	<u>194,909</u>	<u>165,111</u>
Classified as:		
Non-current assets	9,080	9,719
Current assets	<u>185,829</u>	<u>155,392</u>
	<u>194,909</u>	<u>165,111</u>

The Group's trading terms with its customers are mainly on credit. Generally, the credit period is ranging from cash on delivery to 365 days, except for a customer who has been granted the settlement schedule of 84 months from the Group.

Based on invoices date, ageing analysis of the Group's trade receivables (net of provision for impairment loss) is as follows:

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
0 to 30 days	27,782	20,595
31 to 90 days	3,371	10,078
91 to 180 days	5,908	6,493
181 to 365 days	30,510	12,122
Over 365 days	<u>127,338</u>	<u>115,823</u>
	<u>194,909</u>	<u>165,111</u>

9. TRADE PAYABLES

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Trade payables	<u>13,374</u>	<u>8,698</u>
Classified as:		
Current liabilities	<u>13,374</u>	<u>8,698</u>

Based on goods receipts date, ageing analysis of the Group's trade payables is as follows:

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
0 to 30 days	9,335	7,962
31 to 90 days	412	192
91 to 180 days	643	71
181 to 365 days	2,513	–
Over 365 days	<u>471</u>	<u>473</u>
	<u>13,374</u>	<u>8,698</u>

10. BORROWINGS

		As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Unsecured and guaranteed bank borrowing			
Amounts repayable on demand	(a)	9,000	9,000
Secured and guaranteed other borrowings			
Amounts repayable on demand	(b)	<u>9,673</u>	<u>–</u>
Total borrowings		<u><u>18,673</u></u>	<u><u>9,000</u></u>

Notes:

- (a) As at 30 September 2023, the bank borrowing of approximately HK\$9,000,000 (31 March 2023: approximately HK\$9,000,000) was under personal guarantee from Mr. Mansfield Wong and the guarantee from the Government of Hong Kong.
- (b) As at 30 September 2023, the other borrowings of approximately HK\$9,673,000 (31 March 2023: Nil) are under corporate guarantees from a subsidiary of the Group and personal guarantee from Mr. Mansfield Wong. The borrowings are also secured by pledged bank deposits of approximately HK\$1,050,000 and the finance lease and trade receivables (net of impairment) of approximately HK\$14,200,000.

11. CONVERTIBLE BONDS

On 29 September 2023, the Company issued convertible bonds in an aggregate principal amount of US\$10,000,000 (the “**Convertible Bonds**”) in Hong Kong with a coupon rate of 8.0% per annum and a maturity of 24 months. Holders of the Convertible Bonds shall have the rights to convert all or part of the principal amount of its Convertible Bonds into shares of the Company at HK\$0.33 per share. (Please refer to the Company’s announcements dated 9 June 2023 and 29 September 2023 for details).

The Convertible Bonds is also secured by trade receivables (net of impairment) of approximately HK\$196.8 million from a subsidiary of the Group.

Subsequent to the reporting date, Convertible Bonds with an aggregate principal amount of US\$7,500,000 was converted into 177,272,727 newly issued shares of the Company by holders of the Convertible Bonds on 17 November 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and gross profit

The total revenue of the Group was approximately HK\$40.2 million for the six months ended 30 September 2023, representing an increase of approximately 617.9% as compared to HK\$5.6 million for the six months ended 30 September 2022.

An analysis of revenue is presented as follows:

		Six months ended	
		30 September	
		2023	2022
	Note	HK\$'000	HK\$'000
Leasing service of energy saving systems and products			
Malaysia Project	(a)	13,473	–
Others		1,713	3,310
Trading of energy saving products	(b)	16,909	2,272
Consultancy service income	(c)	8,102	–
Renewable energy service income		–	–
		<u>40,197</u>	<u>5,582</u>

Notes:

- (a) This refers to the “Light Source in the Darkness” project in Malaysia (the “**Malaysia Project**”), which helps local condominiums to solve their lighting problems and achieve energy efficiency at the same time. The Malaysia Project is receiving a lot of compliments from customers and government support locally. The Malaysia Project starts out in Selangor state of Malaysia which has a total of approximately 8,000 condominiums and targets to install 6 million LED lights by 2025. During the six months ended 30 September 2023, installation of approximately 45,000 LED lights had been completed under the Malaysia Project, which led to an increase of revenue from nil for six months ended 30 September 2022 to approximately HK\$13.5 million for the six months ended 30 September 2023.

- (b) The increase was the result of the increase in demand for lighting products purchase from the Group's trading customers.
- (c) The increase was due to the increase in the number of consultancy projects from nil for the six months ended 30 September 2022 to one for the six months ended 30 September 2023.

The Group's gross profit margin improved from approximately 43.8% for the six months ended 30 September 2022 to approximately 66.7% for the six months ended 30 September 2023 mainly due to the fact that revenue from the Malaysia Project has a relatively higher gross profit margin and that there were no consultancy projects completed for the six months ended 30 September 2022.

Other income and gains

The other income and gains of the Group was approximately HK\$16.7 million for the six months ended 30 September 2023, representing an increase of approximately 3,240% from approximately HK\$0.5 million for the six months ended 30 September 2022. The increase in other income and gains was mainly due to the gain from reversal of impairment losses on financial assets of approximately HK\$15.3 million as a result of improvement in recoverability of trade receivables.

Selling and distribution costs

The Group's selling and distribution costs for the six months ended 30 September 2023 were approximately HK\$2.5 million, representing a decrease of approximately 16.7% from approximately HK\$3.0 million for the six months ended 30 September 2022. The decrease was mainly due to the decrease of advertising expenses by approximately HK\$0.8 million during the six months ended 30 September 2023. The decrease of advertising expenses was mainly attributable to more marketing efforts in advertising for the re-branding of the Group in the previous period.

Administrative expenses

The Group's administrative expenses for the six months ended 30 September 2023 were approximately HK\$17.8 million, representing a decrease of approximately 3.8% from approximately HK\$18.5 million for the six months ended 30 September 2022. The decrease in administrative expenses was the mixed effect of (i) the decrease in foreign exchange loss by approximately HK\$2.4 million which was mainly due to the reduced loss from depreciation of Indonesian rupiah against Hong Kong dollar; (ii) the decrease in legal and professional fee of by approximately HK\$2.7 million as there were more fees incurred for the preparation for the scheme of arrangement between the Company and its creditors during the six months ended 30 September 2022; (iii) the increase in staff costs by approximately HK\$2.1 million as a result of the increase in staff number and share option expenses; and (iv) the increase in travelling and entertainment costs by approximately HK\$2.2 million, as a result of increase in travelling costs to Middle East and Malaysia.

Finance costs

The Group's finance costs were approximately HK\$1.8 million for the six months ended 30 September 2023, representing a decrease of approximately 85.1% from approximately HK\$12.1 million for the six months ended 30 September 2022. The decrease was mainly due to the decrease of interest expenses on notes payables and borrowings from approximately HK\$7.1 million and HK\$4.0 million respectively for the six months ended 30 September 2022 to approximately HK\$0.7 million and nil respectively for the six months ended 30 September 2023, as a result of the scheme of arrangement that reduced relevant interest-bearing debts and the effective interest rates.

Other expenses

The Group's other expenses decreased from approximately HK\$41.7 million for the six months ended 30 September 2022 to approximately HK\$1.6 million for the six months ended 30 September 2023.

The decrease in other expenses was mainly due to the decrease of provision for impairment losses on financial assets from approximately HK\$41.7 million for the six months ended 30 September 2022 to nil for the six months ended 30 September 2023, as a result of improvement of recoverability in long ageing trade receivables.

Income tax expense/credit

The Group's income tax expense for the six months ended 30 September 2023 was approximately HK\$2.4 million while the Group's income tax credit for the year ended 30 September 2022 was approximately HK\$8.8 million. The increase is the result of estimated tax impact as a result of the changes in the provision for impairment losses on financial assets.

Share of results of associates

The Group's share of results of associates for the six months ended 30 September 2023 was approximately HK\$0.4 million while the Group's share of results of associates for the six months ended 30 September 2022 was approximately HK\$0.8 million. The decrease was mainly due to the decrease in sales of the customised LED products in the retail outlets of a major retailer in South Africa as the deployment of lighting works were substantially completed.

EBITDA/EBIT

As a result of the foregoing, the Group's EBITDA increased from a loss of approximately HK\$58.2 million for the six months ended 30 September 2022 to a profit of approximately HK\$23.3 million for the six months ended 30 September 2023. The Group's EBIT increased from a loss of approximately HK\$59.6 million for the six months ended 30 September 2022 to a profit of approximately HK\$22.0 million for the six months ended 30 September 2023.

Profit/(loss) for the period attributable to the owners of the Company

The Group's profit/(loss) attributable to the owners of the Company increased by approximately HK\$79.9 million from a loss of approximately HK\$62.2 million for the six months ended 30 September 2022 to a profit of approximately HK\$17.7 million for the six months ended 30 September 2023. Excluding some major extraordinary or non-operating income and expenses, the adjusted profit/(loss) attributable to the owners of the Company increased from a loss of approximately HK\$23.5 million for the six months ended 30 September 2022 to a profit of approximately HK\$9.6 million for the six months ended 30 September 2023.

The following table reconciles the adjusted profit/(loss) attributable to the owners of the Company excluding some major extraordinary or non-operating income and expenses as defined by the Group's management for the periods indicated:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Profit/(loss) for the period attributable to the owners of the Company	17,710	(62,240)
Add/(less) major extraordinary or non-operating expenses/(income):		
Fair value loss on equity investment at FVTPL	1,589	–
(Reversal of)/provision for impairment losses on financial assets, net of deferred tax	(12,856)	34,398
Share-based payment expenses in respect of share options	1,199	–
Net foreign exchange loss	1,981	4,364
	<u>9,623</u>	<u>(23,478)</u>
Adjusted profit/(loss) attributable to the owners of the Company excluding some major extraordinary or non-operating income and expenses	<u>9,623</u>	<u>(23,478)</u>

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group mainly finances its business with internally generated cash flows and bank and other borrowings. As at 30 September 2023, current assets of the Group amounted to approximately HK\$303.7 million, representing an increase of approximately 50.6% compared to approximately HK\$201.6 million as at 31 March 2023. Current assets are mainly comprised of pledged bank deposits and cash and bank balances of approximately HK\$83.7 million (31 March 2023: approximately HK\$18.1 million), trade receivables of approximately HK\$185.8 million (31 March 2023: approximately HK\$155.4 million), and amount due from an associate of approximately HK\$7.2 million (31 March 2023: approximately HK\$12.0 million).

As at 30 September 2023, the Group's current liabilities are mainly comprised of borrowings of approximately HK\$18.7 million (31 March 2023: approximately HK\$9.0 million), trade payables of approximately HK\$13.4 million (31 March 2023: approximately HK\$8.7 million) and accruals, other payables and deposits received of approximately HK\$38.1 million (31 March 2023: approximately HK\$42.9 million), amount due to the scheme creditors of approximately HK\$59.6 million (31 March 2023: approximately HK\$133.8 million).

The changes in the debt structure of the Group is summarized as follows:

	30 September 2023	31 March 2023
	<i>HK\$'million</i>	<i>HK\$'million</i>
Bank borrowings	9.0	9.0
Other borrowings	9.7	–
Convertible bonds	75.8	–
Due to scheme creditors to be settled by cash payments	70.6	69.7
Due to scheme creditors settled subsequently by issue of shares of the Company	<u>–</u>	<u>104.4</u>
	<u>165.1</u>	<u>183.1</u>

The overall decrease in the debts is mainly due to the fact that amount due to scheme creditors of approximately HK\$104.4 million was settled by issue of shares of the Company on 28 June 2023.

The amount due to scheme creditors of approximately HK\$70.6 million (31 March 2023: HK\$69.7 million) will be settled by cash payments over a period of two and a half years at a fixed interest rate of 2.5% per annum. For further details, please refer to the Company's announcements dated 3 August 2022, 14 October 2022, 11 November 2022, 17 February 2023, 14 April 2023 and 15 June 2023.

On the other hand, the bank borrowings of approximately HK\$9.0 and the other borrowings of approximately HK\$9.7 million have a maturity of 10 years and 5 years respectively and they incur interest at floating interest rate.

The Group has pledged its pledged deposits of approximately HK\$1.1 million and finance lease and trade receivables (net of impairment) of approximately HK\$14.2 million of a subsidiary of the Group to secure the other borrowings.

The Group has pledged trade receivables (net of impairment) of approximately HK\$196.8 million from a subsidiary of the Group to secure Convertible Bonds.

As at 30 September 2023, the Group's total equity was approximately HK\$257.9 million, representing an increase of approximately 103.6% from approximately HK\$126.7 million as at 31 March 2023. As at 30 September 2023, except disclosed in as above, the Group has no other charges on its assets.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 September 2023.

GUARANTEES

The Group had no material guarantees as at 30 September 2023.

ASSOCIATED COMPANY

Kedah Synergy Limited (“KSL”), together with its subsidiaries (the “KSL Group”), are associated companies of the Group which were owned as to 47.5% by the Group. KSL Group is principally engaged in the business of energy saving management in South Africa.

The revenue of KSL Group for the six months ended 30 September 2023 was approximately HK\$2.9 million (for the six months ended 30 September 2022: approximately HK\$7.5 million). The net profit attributable to the shareholders of KSL Group for the six months ended 30 September 2023 was approximately HK\$0.8 million (six months ended 30 September 2022: HK\$1.6 million). The decrease were mainly due to the decrease in sales of the customised LED products in the retail outlets of a major retailer in South Africa as the deployment of lighting works were substantially completed.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group had 67 full-time employees (31 March 2023: 57 full-time employees). The Group offers a competitive remuneration package commensurate with industry practice and provides benefits to its employees, including bonuses, medical coverage and provident fund contributions.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (“**MPF Scheme**”). Under the MPF Scheme, each of the Group companies (i.e. the employer) and its employees make monthly contributions to the scheme at 5% of the employees’ monthly earnings as defined under the Mandatory Provident Fund Legislation. The contributions from each of the employers and employees are subject to a cap of HK\$1,500 per month and thereafter contributions are voluntary. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years.

The Group also operates a number of defined contribution retirement schemes outside Hong Kong in accordance with local statutory requirements. The assets of these schemes are generally held in separate administered funds and are generally funded by payments from employees and by the relevant group companies.

FOREIGN CURRENCY EXPOSURE

The Group’s revenue and expenses are mainly in Hong Kong dollar which is the functional currency of most of the entities making up the Group. As it is expected that there will be a continuous increase in revenue from overseas market, the Directors believe that the Group will be exposed to foreign exchange risk due to exchange rate fluctuations. After considering the current and future exchange rate level and the foreign currency market, the Group does not adopt any foreign currency hedging measure as at the date of this announcement. However, the Group will monitor its foreign exchange exposure and will consider hedging the foreign currency exposure should the need arises.

GEARING RATIO

As at 30 September 2023, the gearing ratio of the Group, which is calculated on the basis of the amount of total debts divided by the total equity, was 65.4% (31 March 2023: 144.6%).

DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 September 2023.

The Company is not aware of any arrangement under which a shareholder has waived or agreed to waive any dividends.

FUTURE OUTLOOK

Financial status

The Group's financial status continues to improve after the series of restructuring actions completed in June 2023 and new source of financing from banks and financing companies. In particular, the Group completed the issue of US\$10 million convertible bonds with aggregate principal amount of US\$10 million to an investor on 29 September 2023, in which convertible bonds with aggregate principal amounts of US\$7.5 million was further converted into equity shares of the Company on 17 November 2023, greatly enhancing the capital structure and the financial health of the Group.

The Group will continue to build new banking relationships, explore other means of financings such as bonds, equity, and co-investment with investment funds, so as to continue refining the capital structure of the Group.

Business

Malaysia

The Group's "Light Source in the Darkness" project in Malaysia, (the "**Malaysia Project**"), which helps local condominiums to solve their lighting problems and achieve energy efficiency at the same time, is receiving a lot of compliments by customers and government support locally. The Malaysia Project starts out in Selangor state of Malaysia which has a total of approximately 8,000 condominiums and targets to install 6 million LED lights by 2025.

On 4 September 2023, the Group and Lembaga Perumahan Dan Hartanah Selangor ("**LPHS**"), the Malaysian state government agency responsible for the planning and management of real estate development in Selangor, have entered into a collaboration agreement (the "**LPHS Agreement**") in Hong Kong with the aim to accelerate the Malaysia Project and accomplish the goal of the Malaysia Project earlier.

According to the LPHS Agreement, LPHS will impose key performance targets ("**KPI**") to the twelve Commissioner of Buildings ("**COB**") under the management of LPHS, which manages approximately 8,000 condominiums in Selangor. The Group will provide necessary support to respective COB to achieve such KPI.

In accordance to the LPHS Agreement, the aggregate KPI for COB is set out in two tiers:

Tier 1: condominiums under their management contribute more than 800,000 LED lights (being 10% of estimated total number of lights of condominiums under their management) to the Malaysia Project by 31 December 2023.

Tier 2: condominiums under their management contribute more than 1,600,000 LED lights (being 20% of estimated total number of lights of condominiums under their management) to the Malaysia Project by 31 December 2023.

With the continual support and commitment from LPHS and COB, the Group believes the deployment of the Malaysia Project is entering into a next stage of rapid growth in the near future.

Mainland China

In September 2023, the Group has strategically partnered with Tongwei Solar Energy (Hefei) Co. Ltd* (通威太陽能(合肥)有限公司) (“**TW Solar**”) in Hefei of Mainland China, the largest polysilicon manufacturer and the largest solar cell provider in the world since 2022. The parties agreed to cooperate in provision of co-branded solar equipment products with local customers for ground-mounted and rooftop solar power generation market in Middle East and also Central Asia, Southeast Asia and East Asia with a targeted market size of not less than 30 GW by 2030. This allows the Group to capture the tremendous market opportunity in the Middle East and other regions of the world.

Further to the above, the Group will continue its business development regarding energy saving solution and renewable projects in the PRC. The Group believes there will be many more opportunities in the future given the “double carbon” objectives in the Mainland China.

* *For identification purpose*

Middle East

The Group kicked off its business in the Middle East during the period and is currently in the process of an energy saving project with Leaf Tower in United Arab Emirates (“U.A.E.”) through enhancement of their lighting and cooling systems.

On the other hand, on 27 September 2023, the Group held a signing ceremony in Hong Kong which signified its start of cooperation with local partners in Middle East. The Group entered into a memorandum of understanding with Lead International Investments L.L.C., a subsidiary, which focuses on energy business, of a conglomerate established in U.A.E., for upcoming business collaboration in the Middle East, including but not limited to the following:

- (a) Provision of energy management contract energy-saving solutions in the Middle East, starting with around 700 commercial, residential and corporation buildings in Abu Dhabi and expanding to cover the entire U.A.E. and Middle East market;
- (b) Procurement and offering of private-label solar equipment to meet the demand for a potential of 100GW solar projects in U.A.E. with estimated aggregate monetary amount of US\$15 billion by 2030; and
- (c) Establishment of a carbon emission reduction offsetting platform.

This signifies the Group’s expansion into the Middle East market with the support of local partners. The Group believes tapping into the Middle East market brings in tremendous business growth potential to the Group in the future.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2023.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As of 30 September 2023, none of the Directors, the substantial shareholders or their respective close associates (as defined under the Listing Rules) of the Company had held any position or had any interest in any businesses or companies that were or might be materially, either directly or indirectly, competing with the businesses of the Group, or gave rise to any concern regarding conflict of interests during the six months ended 30 September 2023.

CORPORATE GOVERNANCE

The Board is committed to achieving and maintaining high standards of corporate governance. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders of the Company and to enhance corporate value, transparency and accountability, and to formulate its business strategies and policies.

The Company has applied the principles as set out in the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Listing Rules, together with compliance with the relevant code provisions.

The Board is of the view that, throughout the six months ended 30 September 2023, the Company had complied, to the extent applicable and permissible, with the code provisions set out in the Corporate Governance Code, except for the deviations from code provisions C.2.1 and F.2.2 as explained below.

Code Provision C.2.1

The roles of Chairman of the Board and Chief Executive Officer of the Company have been performed by Mr. Wong Man Fai Mansfield. Although under code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual, the combination of the roles of chairman and chief executive officer by Mr. Wong was considered to be in the best interests of the Company and its shareholders as a whole. Mr. Wong has been leading our Group as the Chief Executive Officer and one of our subsidiaries since 2009, thus, the Board believes that the combined roles of Mr. Wong promotes better leadership for both the Board and management and enables more focused development of business strategies and implementation of objectives and policies. The balance between power and authority is maintained by the openness and cooperative spirit of the senior management and the Board, which comprise experienced and high-calibre individuals. The Board currently comprises four independent non-executive Directors and has a fairly strong independence element in its composition. The structure is supported by the Company's well established corporate governance structure and internal control system. Therefore, the Board considers that the deviation from code provision C.2.1 is appropriate in the circumstances. The Board will review the management structure regularly and consider separating the roles of chairman and chief executive, if and when appropriate.

Code Provision F.2.2

Code provision F.2.2 of the Corporate Governance Code stipulates that the chairman of the board should attend the annual general meeting. Due to other business engagements, Mr. Wong Man Fai Mansfield, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 28 September 2023. Dr. Wong Chi Ying Anthony, an independent non-executive Director of the Company, took the Chair of the annual general meeting pursuant to the articles of association of the Company. The Board will continue to monitor and review the Company's corporate governance practices and procedures and make necessary changes when it considers appropriate.

COMPLIANCE WITH THE MODEL CODE AND SECURITIES DEALING CODE

The Company has adopted its own code of conduct for dealing in securities of the Company by the Directors and the relevant employees of the Group who are likely to be in possession of unpublished inside information of the Company (the “**Securities Dealing Code**”) on terms no less exacting than the standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiries with all Directors and relevant employees of the Group, all Directors and relevant employees have confirmed that they have complied with the Securities Dealing Code and therefore, complied with the Model Code throughout the six months ended 30 September 2023 and up to the date of this announcement.

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL STATEMENTS

The audit committee of the Board (the “**Audit Committee**”) was established with its defined written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and code provision D.3.3 of the Corporate Governance Code. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Chung Koon Yan (Chairman of the Audit Committee), Mr. Cheung Yick Hung Jackie and Dr. Wong Chi Ying Anthony, with Mr. Chung possessing the appropriate professional qualifications and accounting and related financial management expertise.

The unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2023 contained in this announcement had not been audited by the Company’s auditor, but were reviewed by the Audit Committee, which was of the opinion that the preparation of such interim financial information complied with the applicable accounting standards and requirements and the Listing Rules, and adequate disclosures had been made.

INTERIM DIVIDEND

The Board has resolved not to declare any payment of interim dividend for the six months ended 30 September 2023 (for the six months ended 30 September 2022: Nil).

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.unitygroup.eco>). The Interim Report of the Company for the six months ended 30 September 2023 containing the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and made available on the same websites in due course.

By order of the Board
Unity Group Holdings International Limited
Wong Man Fai Mansfield
*Chairman, Chief Executive Officer and
Executive Director*

Hong Kong, 30 November 2023

As at the date of this announcement, the executive Director is Mr. Wong Man Fai Mansfield, the non-executive Director is Mr. Tsang Sze Wai Claudius; and the independent non-executive Directors are Mr. Chung Koon Yan, Mr. Cheung Yick Hung Jackie, Dr. Wong Chi Ying Anthony and Mr. Tang Warren Louis.