



# TECHNOLOGIES UNIVERSAL

Universal Technologies Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

Stock code : 1026



SECOND INTERIM REPORT **2024**

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## Highlights

- Revenue for the twelve months ended 31 December 2024 amounted to approximately HK\$331.05 million (twelve months ended 31 December 2023: approximately HK\$319.15 million), representing an increase of approximately HK\$11.9 million or 3.7% as compared to the corresponding period last year. Such increase was mainly due to the increase in the income of the Group’s water supply and related business and property investment and development business.
- Net loss attributable to shareholders of the Company for the twelve months ended 31 December 2024 amounted to approximately HK\$69.13 million (twelve months ended 31 December 2023: approximately HK\$137.34 million), representing a decrease of approximately HK\$68.21 million as compared to the corresponding period last year. The decrease in loss for the Period for the Group was mainly due to: (a) the recognition of non-recurring impairment losses on assets in 2023, resulting from an unfavorable market outlook and (b) a decrease in the fair value of investment properties in 2023, while no similar impairment losses and changes in fair value were recognised by the Group in 2024.
- Basic and diluted loss per share for the twelve months ended 31 December 2024 amounted to HK1.25 cent and HK1.25 cent, respectively (twelve months ended 31 December 2023: basic and diluted loss per share amounted to HK2.49 cents and HK2.49 cents, respectively).
- The Board of Directors does not recommend the payment of an interim dividend for the twelve months ended 31 December 2024 (twelve months ended 31 December 2023: Nil).

## Interim Results

The Board of Directors (the “**Board**”) of Universal Technologies Holdings Limited (the “**Company**”) announces the unaudited second interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the twelve months ended 31 December 2024 together with the comparative figures for the corresponding period last year as follows:

### Condensed Consolidated Statement of Profit or Loss

For the twelve months ended 31 December 2024

	Note	Twelve months ended 31 December	
		2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Revenue	3	<b>331,049</b>	319,147
Cost of sales/services rendered		<b>(303,554)</b>	(301,376)
Gross profit		<b>27,495</b>	17,771
Other income and gains/(losses)	4	<b>9,829</b>	2,658
Impairment loss on goodwill		–	(11,328)
Impairment losses on non-current assets		–	(52,009)
Net impairment loss on deposits and receivables		<b>(3,550)</b>	(8,177)
Changes in fair value of investment properties		–	(32,590)
General and administrative expenses		<b>(70,397)</b>	(67,887)
Share of loss of a joint venture		<b>(2,438)</b>	(5,300)
Loss from operations		<b>(39,061)</b>	(156,862)
Finance costs		<b>(40,917)</b>	(48,597)
Loss before income tax	5	<b>(79,978)</b>	(205,459)
Income tax (expense)/credit	7	<b>(22,774)</b>	12,750
Loss for the period		<b>(102,752)</b>	(192,709)

## Condensed Consolidated Statement of Profit or Loss (continued)

For the twelve months ended 31 December 2024

	Note	Twelve months ended 31 December	
		2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Attributable to:-			
Shareholders of the Company		<b>(69,127)</b>	(137,336)
Non-controlling interests		<b>(33,625)</b>	(55,373)
		<b>(102,752)</b>	(192,709)
Loss per share (in cents)			
– Basic	8	<b>(1.25)</b>	(2.49)
– Diluted	8	<b>(1.25)</b>	(2.49)

# Condensed Consolidated Statement of Comprehensive Income

For the twelve months ended 31 December 2024

	Twelve months ended 31 December	
	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Loss for the period	<b>(102,752)</b>	(192,709)
Other comprehensive (loss)/income: – Item that may be reclassified subsequently to profit or loss: – Exchange differences arising on translation of financial statements of overseas subsidiaries	<b>(12,053)</b>	3,289
Other comprehensive (loss)/income for the period, net of income tax	<b>(12,053)</b>	3,289
Total comprehensive loss for the period	<b>(114,805)</b>	(189,420)
Total comprehensive loss attributable to: – Shareholders of the Company	<b>(90,177)</b>	(158,374)
Non-controlling interests	<b>(24,628)</b>	(31,046)
	<b>(114,805)</b>	(189,420)

# Condensed Consolidated Statement of Financial Position

At 31 December 2024

		At 31 December 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	302,174	331,859
Prepaid land lease premium	11	21,302	22,450
Investment properties	12	585,582	603,127
Right-of-use assets		41,902	6,254
Interest in a joint venture		222,954	232,095
Intangible assets		85,653	122,340
Goodwill		–	–
Statutory deposits for financial service business		400	400
Deposits paid for acquisition of investment properties		153,342	159,586
Deposit paid for acquisition of a subsidiary		25,557	26,602
Deferred tax assets		12,104	12,373
		<b>1,450,970</b>	1,517,086
<b>CURRENT ASSETS</b>			
Properties under development		19,937	13,549
Inventories		3,765	5,627
Debtors	13	32,453	34,472
Deposits, prepayments and other receivables	14	118,530	100,962
Amount due from a related company	19	536	–
Fixed deposits		81,687	123,632
Pledged time deposits	15(a)	82,084	141,020
Cash and bank balances	15(b)	149,589	106,034
		<b>488,581</b>	525,296

# Condensed Consolidated Statement of Financial Position (continued)

At 31 December 2024

		At 31 December 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
	Note		
<b>DEDUCT:-</b>			
<b>CURRENT LIABILITIES</b>			
Bank and other borrowings	20	357,769	255,975
Trade payables	16	469,001	350,443
Payable to merchants	17	3,002	3,006
Deposits received, sundry creditors and accruals	18	133,675	154,217
Contract liabilities		12,729	14,101
Lease liabilities		5,549	3,432
Amount due to a related company	19	-	44
Tax liabilities		5,083	3,879
		<b>986,808</b>	785,097
<b>NET CURRENT LIABILITIES</b>		<b>(498,227)</b>	(259,801)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>952,743</b>	1,257,285
<b>DEDUCT:-</b>			
<b>NON-CURRENT LIABILITIES</b>			
Bank and other borrowings	20	387,096	610,823
Deposits received, sundry creditors and accruals	18	1,683	-
Lease liabilities		34,326	2,955
Deferred tax liabilities		32,198	29,994
		<b>455,303</b>	643,772
<b>NET ASSETS</b>		<b>497,440</b>	613,513

## Condensed Consolidated Statement of Financial Position (continued)

At 31 December 2024

		At <b>31 December 2024</b> <b>(Unaudited)</b> <b>HK\$'000</b>	At 31 December 2023 (Audited) HK\$'000
	Note		
<b>REPRESENTING: – CAPITAL AND RESERVES</b>			
Share capital	21	<b>55,130</b>	55,130
Reserves		<b>652,649</b>	744,094
<b>TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>		<b>707,779</b>	799,224
<b>NON-CONTROLLING INTERESTS</b>		<b>(210,339)</b>	(185,711)
<b>TOTAL EQUITY</b>		<b>497,440</b>	613,513

# Condensed Consolidated Statement of Cash Flows

For the twelve months ended 31 December 2024

	<b>Twelve months ended 31 December</b>	
	<b>2024 (Unaudited) HK\$'000</b>	<b>2023 (Audited) HK\$'000</b>
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>118,019</b>	136,907
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(28,167)</b>	(296,508)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(84,664)</b>	(166,190)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,188</b>	(325,791)
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET</b>	<b>(3,580)</b>	(9,657)
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>226,402</b>	561,850
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>228,010</b>	226,402
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>146,323</b>	102,770
Fixed deposits	<b>81,687</b>	123,632
	<b>228,010</b>	226,402

# Condensed Consolidated Statement of Changes in Equity

For the twelve months ended 31 December 2024

	Attributable to shareholders of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Shares held under share award scheme HK\$'000	Statutory reserve HK\$'000	Accumulated losses HK\$'000	Sub total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2023 (audited)	55,130	1,247,453	481	1,093	10,754	27,413	(6,309)	27,694	(405,616)	958,093	127,062	1,085,155
Capital reduction in a subsidiary	-	-	-	-	-	-	-	-	-	-	(279,778)	(279,778)
Purchases of shares for share award scheme (note)	-	-	-	-	-	-	(495)	-	-	(495)	-	(495)
Dividend paid to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	-	(1,949)	(1,949)
Total comprehensive loss for the period	-	-	-	-	-	(21,038)	-	-	(137,336)	(158,374)	(31,046)	(189,420)
Transferred to statutory reserve	-	-	-	-	-	-	-	5	(5)	-	-	-
At 31 December 2023 (audited) and 1 January 2024	55,130	1,247,453	481	1,093	10,754	6,375	(6,804)	27,699	(542,957)	799,224	(185,711)	613,513
Purchases of shares for share award scheme (note)	-	-	-	-	-	-	(1,268)	-	-	(1,268)	-	(1,268)
Total comprehensive loss for the period	-	-	-	-	-	(21,050)	-	-	(69,127)	(90,177)	(24,628)	(114,805)
At 31 December 2024 (unaudited)	55,130	1,247,453	481	1,093	10,754	(14,675)	(8,072)	27,699	(612,084)	707,779	(210,339)	497,440

Note: During the twelve months ended 31 December 2024, 11,670,000 (twelve months ended 31 December 2023: 3,680,000) shares were purchased from the open market at the aggregate consideration of HK\$1,268,000 (twelve months ended 31 December 2023: HK\$495,000) pursuant to the share award scheme adopted by the Company on 15 January 2021.



# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 27 March 2001 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Room A & B2, 11/F, Guangdong Investment Tower, No. 148 Connaught Road Central, Sheung Wan, Hong Kong.

The principal activity of the Company during the period was investment holding. Its subsidiaries are principally engaged in investment holding, property investment and development, building management, water supply and related services and financial services.

## 2. BASIS OF PREPARATION

- (a) The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties which are measured at fair values. The unaudited condensed consolidated financial statements are presented in thousands of units of Hong Kong dollar (HK\$’000), unless otherwise stated.

The second interim financial report is unaudited, but has been reviewed by the Group’s audit committee.

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 2. BASIS OF PREPARATION (CONTINUED)

(a) The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the twelve months ended 31 December 2024 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the amendments to the Hong Kong Financial Reporting Standards ("HKFRSs") described below:-

(1) In the current interim period, the Group has adopted the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2024 for the preparation of the Group's unaudited condensed consolidated financial statements:-

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

The adoption of the above amendments to HKFRSs did not have any significant financial impacts on these unaudited condensed consolidated financial statements.

(2) The Group had not applied any new or amendments to HKFRSs that have been issued but were not yet effective for the current accounting period of the unaudited condensed consolidated financial statements. The directors anticipate that the application of these new or amendments to HKFRSs will have no material impact on the results and the financial position of the Group.



# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 2. BASIS OF PREPARATION (CONTINUED)

- (b) When preparing the second interim results, the Group's ability to continue as a going concern has been assessed. During the twelve months ended 31 December 2024, the Group incurred a net loss of HK\$102,752,000 and as of that date, the Group had net current liabilities of HK\$498,227,000. The second interim results have been prepared on a going concern basis due to the reasons that (i) as at 31 December 2024, the Group had unutilised banking facilities of HK\$445,034,000; (ii) given the Group maintained strong business relationship with its bankers and based on past experiences, the directors expect that the Group is able to renew all the banking facilities when they expire; and (iii) the Group, from time to time, reviews the portfolio of investment properties and may adjust the investment strategies in order to enhance the cash flow position of the Group whenever it is necessary.

After taking into consideration of the above factors and funds expected to be generated internally from operations based on the directors' estimation on the future cash flows of the Group, the directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the second interim results to be prepared on a going concern basis because there is no material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively and to provide for any further liabilities which might arise.

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 3. REVENUE

Revenue for the period represents revenue recognised from rental and building management service income, water supply and related services income and financial services income. Disaggregation of revenue from contracts with customers and other sources by service lines is as follows: –

	Twelve months ended 31 December	
	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Provision of water supply and related services		
Water supply and related services income	<b>294,307</b>	286,829
Construction services of infrastructure under concession arrangement	<b>11,931</b>	9,283
Provision of financial services		
Interest income from securities margin financing	<b>1</b>	237
Service fee income	<b>20</b>	12
Commission and brokerage income	<b>57</b>	10
Placement income	<b>22</b>	–
Revenue from other sources		
Rental and building management service income	<b>24,711</b>	22,776
	<b>331,049</b>	319,147

Disaggregation of revenue from contracts with customers and other sources by the timing of revenue recognition and by geographical locations is disclosed in note 6.

## 4. OTHER INCOME AND GAINS/(LOSSES)

	Twelve months ended 31 December	
	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Interest on bank deposits	<b>6,174</b>	8,063
Interest on loans receivable	<b>4,976</b>	1,017
Exchange loss, net	<b>(2,170)</b>	(7,218)
Sundry income	<b>849</b>	796
	<b>9,829</b>	2,658

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):–

	<b>Twelve months ended 31 December</b>	
	<b>2024 (Unaudited) HK\$'000</b>	<b>2023 (Audited) HK\$'000</b>
Cost of inventories sold	<b>12,713</b>	5,661
Staff costs (including directors' remuneration)		
– Salaries and other benefits	<b>50,753</b>	53,509
– Pension scheme contributions	<b>7,427</b>	7,350
	<b>58,180</b>	60,859
Depreciation of property, plant and equipment	<b>36,272</b>	35,450
Depreciation of right-of-use assets	<b>3,429</b>	2,928
Impairment loss on debtors	<b>683</b>	41
Impairment loss on other receivables	<b>957</b>	2,542
Impairment loss on deposits paid	<b>1,910</b>	5,594
Amortisation of intangible assets and prepaid land lease premium	<b>44,924</b>	52,444
Short-term lease expenses	<b>406</b>	236
Low value lease expenses	–	18
Interest on bank loans	<b>40,691</b>	48,287
Interest on lease liabilities	<b>80</b>	328
Rental income less outgoings	<b>(10,203)</b>	(9,278)



# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 6. SEGMENT REPORTING

The chief operating decision-maker has been identified as the key management. This key management reviews the Group's internal reporting in order to assess performance and allocate resources.

The Group has presented the following reportable segments.

### (a) Water supply and related services

This segment is engaged in supply of tap water to various districts of Qingyuan City, Guangdong Province, the People's Republic of China ("PRC").

### (b) Property investment and development

This segment is engaged in development, leasing and management of land, commercial and residential properties. Currently the Group's activities in this regard are carried out in the PRC and overseas.

### (c) Financial services

This segment is engaged in provision of corporate finance advisory, asset management, securities brokerage services and margin financing.

"Others" refer to the supporting units of Hong Kong operation and the net results of other subsidiaries in Hong Kong and overseas. These "other" operating units have not been aggregated to form a reportable segment.

The key management assesses the performance of the segments based on the results attributable to each reportable segment on the following basis:-

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 6. SEGMENT REPORTING (CONTINUED)

The measure used for reporting segment profit is “adjusted EBIT”, i.e. “adjusted earnings before interest and taxes”, where “interest” is regarded as including investment income. To arrive at adjusted EBIT, the Group’s earnings are further adjusted for items not specifically attributed to individual segments, such as other head office or corporate administration costs.

### (a) Segments results

The following tables present the information for the Group’s reporting segments: –

	Twelve months ended 31 December									
	Reportable Segments									
	Water supply and related services		Property investment and development		Financial services		Others		Consolidated	
	2024 (Unaudited) HK\$’000	2023 (Audited) HK\$’000	2024 (Unaudited) HK\$’000	2023 (Audited) HK\$’000	2024 (Unaudited) HK\$’000	2023 (Audited) HK\$’000	2024 (Unaudited) HK\$’000	2023 (Audited) HK\$’000	2024 (Unaudited) HK\$’000	2023 (Audited) HK\$’000
Disaggregated by timing of revenue recognition										
Point in time	239,044	240,697	-	-	99	22	-	-	239,143	240,719
Over time	69,378	57,382	22,527	20,809	1	237	-	-	91,906	78,428
Reportable segment revenue	308,422	298,079	22,527	20,809	100	259	-	-	331,049	319,147
Reportable segment (loss)/profit	(21,896)	(30,645)	12,276	15,695	(4,541)	(6,692)	(25,086)	(33,994)	(39,247)	(55,636)
Interest income on bank deposits									6,174	8,063
Government subsidy									-	115
Changes in fair value of investment properties	-	-	-	(32,590)	-	-	-	-	-	(32,590)
Impairment loss on goodwill	-	-	-	-	-	(11,328)	-	-	-	(11,328)
Impairment losses on non-current assets	-	(50,019)	-	-	-	(1,990)	-	-	-	(52,009)
Net impairment loss on deposits and receivables	(130)	(106)	(3,420)	(8,071)	-	-	-	-	(3,550)	(8,177)
Share of loss of a joint venture									(2,438)	(5,300)
Finance costs									(40,917)	(48,597)
Loss before income tax									(79,978)	(205,459)
Income tax (expense)/credit									(22,774)	12,750
Loss for the period									(102,752)	(192,709)
Attributable to:										
- Shareholders of the Company									(69,127)	(137,336)
- Non-controlling interests									(33,625)	(55,373)
									(102,752)	(192,709)

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 6. SEGMENT REPORTING (CONTINUED)

### (b) Geographical information

	Twelve months ended 31 December					
	PRC		Hong Kong/overseas		Consolidated	
	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Reportable segment revenue	330,949	318,888	100	259	331,049	319,147

The geographical location of customers is based on the location at which the services were provided or the goods delivered.

## 7. INCOME TAX EXPENSE/(CREDIT)

No provision for Hong Kong profits tax and Australia corporate income tax have been provided as the Company's subsidiaries operating in Hong Kong and Australia have no estimated assessable profits for the twelve months ended 31 December 2024 and 2023.

The Company's subsidiaries operating in the PRC are subject to the tax rate at 25% (twelve months ended 31 December 2023: 25%).

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 7. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

The income tax expense/(credit) represents the sum of the current tax and deferred tax and is made up as follows: –

	<b>Twelve months ended 31 December</b>	
	<b>2024 (Unaudited) HK\$'000</b>	<b>2023 (Audited) HK\$'000</b>
Current tax:		
PRC Enterprise Income Tax		
Current period	<b>6,411</b>	4,472
Under-provision in respect of previous years	<b>12,983</b>	–
	<b>19,394</b>	4,472
Deferred tax:		
Current period	<b>3,380</b>	(17,222)
	<b>22,774</b>	(12,750)

## 8. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to shareholders of the Company for the period is based on the following data: –

	<b>Twelve months ended 31 December</b>	
	<b>2024 (Unaudited) HK\$'000</b>	<b>2023 (Audited) HK\$'000</b>
<b>Loss</b>		
Loss for the period attributable to shareholders of the Company	<b>(69,127)</b>	(137,336)

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 8. LOSS PER SHARE (CONTINUED)

	Twelve months ended 31 December	
	2024 (Unaudited)	2023 (Audited)
<b>Number of shares</b>		
Weighted average number of shares in issue for the purpose of calculation of basic/diluted loss per share	5,513,000,000	5,513,000,000

The diluted loss per share is equal to the basic loss per share for the twelve months ended 31 December 2024 and 2023 as there was no dilutive potential ordinary shares in issue.

## 9. DIVIDENDS

The Board of Directors does not recommend the payment of an interim dividend for the twelve months ended 31 December 2024 (twelve months ended 31 December 2023: Nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the twelve months ended 31 December 2024, the Group had additions to property, plant and equipment in the amount of HK\$22,085,000 (twelve months ended 31 December 2023: HK\$13,969,000).

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 11. PREPAID LAND LEASE PREMIUM

The Group's interests in land lease premium represents prepaid lease payments and its net book value is analysed as follows: –

	<b>At 31 December 2024 (Unaudited) HK\$'000</b>	<b>At 31 December 2023 (Audited) HK\$'000</b>
Opening net book value	<b>22,450</b>	23,686
Exchange adjustments	<b>(445)</b>	(520)
Amortisation of prepaid land lease premium	<b>(703)</b>	(716)
Closing net book value	<b>21,302</b>	22,450

## 12. INVESTMENT PROPERTIES

	HK\$'000
At 1 January 2023 (Audited)	656,381
Net decrease in fair value recognised in the consolidated statement of profit or loss	(32,590)
Exchange adjustments	(20,664)
At 31 December 2023 (Audited) and 1 January 2024	<b>603,127</b>
Exchange adjustments	<b>(17,545)</b>
At 31 December 2024 (Unaudited)	<b>585,582</b>

Notes:–

- (a) The investment properties are located at the PRC and held under medium-term leases.
- (b) Investment properties with carrying amount of HK\$540,841,000 (At 31 December 2023: HK\$557,046,000) were pledged to secure the Group's bank and other borrowings.

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 13. DEBTORS

	At 31 December 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Trade debtors arising from water supply and related services and rental receivables	<b>35,592</b>	36,988
Less: credit loss allowances – note (iii)	<b>(3,180)</b>	(2,562)
	<b>32,412</b>	34,426
Trade receivables arising from the ordinary course of business of dealing in securities		
HKSCC	<b>7</b>	12
Cash clients	<b>76</b>	76
	<b>83</b>	88
Less: credit loss allowances – note (iii)	<b>(42)</b>	(42)
	<b>41</b>	46
	<b>32,453</b>	34,472

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 13. DEBTORS (CONTINUED)

Notes: –

- (i) The credit terms given to customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with debtors, credit evaluations of customers are performed periodically.

The settlement terms of trade debtors attributable to dealing in securities are two days after trade date. Trade debtors from margin clients are repayable on demand and bear variable interest at commercial rates.

- (ii) An aging analysis of debtors arising from water supply and related services and rental receivables, based on invoice date and net of loss allowance on debtors, is set out below: –

	<b>At 31 December 2024 (Unaudited) HK\$'000</b>	<b>At 31 December 2023 (Audited) HK\$'000</b>
0-6 months	<b>31,008</b>	34,155
6-12 months	<b>786</b>	102
1-2 years	<b>618</b>	169
	<b>32,412</b>	34,426

No detailed aging analysis is disclosed for trade debtors arising from dealing in securities as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of securities dealing business. All trade debtors from cash clients are not past due at the end of reporting periods.

- (iii) The movement in the loss allowances on debtors during the period is as follows: –

	<b>2024 (Unaudited) HK\$'000</b>	<b>2023 (Audited) HK\$'000</b>
At 1 January	<b>2,604</b>	2,619
Impairment loss recognised	<b>683</b>	41
Exchange adjustments	<b>(65)</b>	(56)
At 31 December	<b>3,222</b>	2,604

- (iv) At 31 December 2024, the receivables with a carrying amount of RMB30,114,000 (equivalent to approximately HK\$32,042,000) (At 31 December 2023: RMB31,272,000 (equivalent to approximately HK\$34,271,000)) were pledged to secure bank loans granted to the Group.

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	<b>At 31 December 2024 (Unaudited) HK\$'000</b>	<b>At 31 December 2023 (Audited) HK\$'000</b>
Utilities and deposits	<b>1,256</b>	1,084
Prepayments	<b>1,437</b>	1,503
Interest receivable	<b>1,152</b>	2,403
Loans receivable – note 14(a)	<b>97,896</b>	81,645
Other receivables	<b>20,733</b>	17,422
	<b>122,474</b>	104,057
Less: loss allowances on other receivables – note 14(b)	<b>(3,944)</b>	(3,095)
	<b>118,530</b>	100,962

Notes:-

- (a) The amount represented loans granted by the Group to four (At 31 December 2023: three) independent third parties which are companies incorporated in the PRC. The loans are unsecured and interest bearing at a rate of 4.85% or 5.9% (At 31 December 2023: 5.9%) per annum and repayable within one year.
- (b) The movement in the loss allowances on other receivables during the period is as follows:-

	<b>2024 (Unaudited) HK\$'000</b>	<b>2023 (Audited) HK\$'000</b>
At 1 January	<b>3,095</b>	571
Impairment loss recognised	<b>957</b>	2,542
Exchange adjustments	<b>(108)</b>	(18)
At 31 December	<b>3,944</b>	3,095

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 15. PLEDGED TIME DEPOSITS AND CASH AND BANK BALANCES

### (a) Pledged time deposits

Pledged bank deposits of US\$10,750,000 (equivalent to approximately HK\$82,084,000) (At 31 December 2023: RMB128,680,000 (equivalent to approximately HK\$141,020,000)) carry fixed interest rate of 4.3% (At 31 December 2023: 2%) per annum and are pledged to banks to secure bank loans granted to the Group.

### (b) Cash and bank balances

	<b>At 31 December 2024 (Unaudited) HK\$'000</b>	<b>At 31 December 2023 (Audited) HK\$'000</b>
Cash and bank balances:		
General accounts and cash	<b>146,323</b>	102,770
Client accounts	<b>3,266</b>	3,264
At 31 December	<b>149,589</b>	106,034

Bank balances maintained in the client accounts represent money deposited by the Group's clients of the financial service business. These clients' monies are maintained in segregated trust accounts with licensed bank. The Group has recognised the corresponding accounts payables to the respective clients and does not have an enforceable right to offset these payables with the deposits placed.

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 16. TRADE PAYABLES

	At <b>31 December</b> <b>2024</b> <b>(Unaudited)</b> <b>HK\$'000</b>	At 31 December 2023 (Audited) HK\$'000
Trade payables arising from water supply and related services	<b>465,743</b>	347,183
Trade payables arising from the ordinary course of business of dealing in securities		
Cash clients	<b>2,764</b>	2,873
Margin clients, secured	<b>494</b>	387
	<b>469,001</b>	350,443

An aging analysis of trade payables arising from water supply and related services based on invoice date is set out below: –

	At <b>31 December</b> <b>2024</b> <b>(Unaudited)</b> <b>HK\$'000</b>	At 31 December 2023 (Audited) HK\$'000
0-12 months	<b>141,965</b>	117,280
Over one year	<b>323,778</b>	229,903
	<b>465,743</b>	347,183

The normal settlement terms of trade payables arising from dealing in securities are two days after trade days. Accounts payable to margin clients are repayable on demand. In the opinion of the directors of the Group, the aging analysis of trade payables arising from dealing in securities is not disclosed as this does not give additional value in view of the nature of securities dealing business.

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 17. PAYABLE TO MERCHANTS

An aging analysis of payable to merchants based on invoice date is set out below: –

	<b>At</b>	<b>At</b>
	<b>31 December</b>	31 December
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Over one year	<b>3,002</b>	3,006

## 18. DEPOSITS RECEIVED, SUNDRY CREDITORS AND ACCRUALS

	<b>At</b>	<b>At</b>
	<b>31 December</b>	31 December
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Deposits received	<b>5,863</b>	5,881
Accruals	<b>30,028</b>	25,811
Sundry creditors	<b>62,115</b>	67,516
Construction fee payable	<b>11,864</b>	33,268
Other tax payables	<b>25,488</b>	21,741
	<b>135,358</b>	154,217
Less: non-current portion	<b>(1,683)</b>	–
	<b>133,675</b>	154,217

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 19. AMOUNT DUE FROM/(TO) A RELATED COMPANY

The amount is interest-free, unsecured and repayable within one year.

## 20. BANK AND OTHER BORROWINGS

	<b>At 31 December 2024 (Unaudited) HK\$'000</b>	<b>At 31 December 2023 (Audited) HK\$'000</b>
Bank loans, secured – note (a)	<b>744,865</b>	866,798

	<b>At 31 December 2024 (Unaudited) HK\$'000</b>	<b>At 31 December 2023 (Audited) HK\$'000</b>
Due for payment:		
– Within one year	<b>357,769</b>	255,975
– Within a period of more than one but not exceeding five years	<b>242,528</b>	454,164
– Over five years	<b>144,568</b>	156,659
	<b>744,865</b>	866,798

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 20. BANK AND OTHER BORROWINGS (CONTINUED)

Notes: –

(a) The Group had the following banking facilities: –

	<b>At 31 December 2024 (Unaudited) HK\$'000</b>	At 31 December 2023 (Audited) HK\$'000
Total banking facilities granted	<b>1,189,899</b>	1,287,124
Less: banking facilities utilised by the Group	<b>(744,865)</b>	(866,798)
Unutilised banking facilities	<b>445,034</b>	420,326

(b) As at 31 December 2024, these banking facilities were secured by:-

- i. charges over time deposits amounting to US\$10,750,000 (equivalent to approximately HK\$82,084,000);
- ii. charges over a land use right under service concession arrangement with aggregate carrying amounts of RMB791,000 (equivalent to approximately HK\$841,000);
- iii. charges over the investment properties with carrying amounts of RMB508,300,000 (equivalent to approximately HK\$540,841,000);
- iv. pledge of trade receivables with a carrying amount of RMB30,114,000 (equivalent to approximately HK\$32,042,000);
- v. pledge of 100% equity interest in Qingyuan Water Supply Development Company Limited;
- vi. pledge of 100% equity interest in Qingyuan Qingxin District Taihe Water Company Limited;
- vii. pledge of 100% equity interest in Guangzhou Hengxin Yuxuan Industrial Development Limited;
- viii. guarantee by Guangzhou Yicheng Investment Holdings Limited, Qinghui Properties Limited and Qingyuan Qingxin District Huike Properties Company Limited, all being subsidiaries of the Group;

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 20. BANK AND OTHER BORROWINGS (CONTINUED)

Notes: – (continued)

- (b) As at 31 December 2024, these banking facilities were secured by:– (continued)
- ix. guarantee by Dongguan New Century Science and Education Development Limited (“**New Century**”), Ms. Zhu Fenglian (“**Ms. Zhu**”), an executive Director, and her spouse; and
  - x. guarantee by the non-controlling shareholders of subsidiaries and business associate.

As at 31 December 2023, these banking facilities were secured by:–

- i. charge over a time deposit amounting to RMB128,680,000 (equivalent to approximately HK\$141,020,000);
- ii. charges over a land use right under service concession arrangement with aggregate carrying amounts of RMB1,187,000 (equivalent to approximately HK\$1,301,000);
- iii. charges over the investment properties with carrying amounts of RMB508,300,000 (equivalent to approximately HK\$557,046,000);
- iv. pledge of trade receivables with a carrying amount of RMB31,272,000 (equivalent to approximately HK\$34,271,000);
- v. pledge of 100% equity interest in Qingyuan Water Supply Development Company Limited;
- vi. pledge of 100% equity interest in Qingyuan Qingxin District Taihe Water Company Limited;
- vii. pledge of 100% equity interest in Guangzhou Hengxin Yuxuan Industrial Development Limited;
- viii. guarantee by Guangzhou Yicheng Investment Holdings Limited, Qinghui Properties Limited and Qingyuan Qingxin District Huike Properties Company Limited, all being subsidiaries of the Group;
- ix. guarantee by New Century, Ms. Zhu and her spouse; and
- x. guarantee by the non-controlling shareholders of subsidiaries and business associate.

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 21. SHARE CAPITAL

	Number of shares	HK\$'000
<b>Share capital</b>		
Ordinary share of HK\$0.01 each		
Authorised:-		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	20,000,000,000	200,000
Issued and fully paid:-		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	5,513,000,000	55,130

## 22. CAPITAL COMMITMENTS

Capital expenditure contracted but not provided for is as follows: –

	At <b>31 December 2024 (Unaudited) HK\$'000</b>	At 31 December 2023 (Audited) HK\$'000
Property, plant and equipment	<b>5,569</b>	14,968

# Notes to the Condensed Consolidated Financial Statements

For the twelve months ended 31 December 2024

## 23. RELATED PARTY TRANSACTIONS

### (a) Transaction with related party of the Group

Apart from the transactions and balance disclosed in notes 19 and 20, the Group had other transactions with its related party during the period as follows:-

Particulars	Relationship	Twelve months ended 31 December	
		2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Rental income	Common shareholder	563	545

### (b) Key management compensation

	Twelve months ended 31 December	
	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Fees for key management personnel	1,503	1,620
Salaries, allowances and other benefits in kind	4,800	5,460
Pension scheme contributions	82	73
	6,385	7,153

## 24. CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities.



# Management Discussion and Analysis

## BUSINESS REVIEW AND PROSPECTS

### Business Review

For the twelve months ended 31 December 2024 (the “**Period**”), the Group was primarily engaged in the business of water supply and related services, property investment and development, and financial services. Revenue from the principal business amounted to approximately HK\$331,049,000, representing an increase of 3.7% or approximately HK\$11,902,000 as compared to the revenue of approximately HK\$319,147,000 for the corresponding period last year. Water supply and related business (including water quality inspection, water pipe repairs and maintenance, water meter maintenance and replacement and other related services) recorded a revenue of approximately HK\$308,422,000, representing an increase of 3.47% or approximately HK\$10,343,000 as compared with the revenue of approximately HK\$298,079,000 for the corresponding period last year, mainly due to the increase in water supply related installation, construction and maintenance income during the Period.

The property investment and development business of the Group mainly comprises the rental operation of the Group’s commercial properties in Guangzhou. For the twelve months ended 31 December 2024, the property investment and development segment of the Group recorded a revenue of approximately HK\$22,527,000, representing an increase of approximately HK\$1,718,000 as compared with the revenue of approximately HK\$20,809,000 for the corresponding period last year. The increase in rental income was driven by a resurgence in market recovery and improved consumer sentiment, leading to heightened foot traffic and a lower vacancy rate in shopping malls in 2024.

The financial services business of the Group mainly comprises the provision of corporate finance advisory, asset management, margin financing and stockbroking services. For the twelve months ended 31 December 2024, the financial services segment of the Group recorded revenue of approximately HK\$100,000, representing a decrease of 61% as compared with approximately HK\$259,000 for the corresponding period last year. The decrease in revenue in the financial services business was due to the strengthening of credit limit controls established for margin clients during the Period.



## Management Discussion and Analysis (continued)

### BUSINESS REVIEW AND PROSPECTS (CONTINUED)

#### Business Review (continued)

For the twelve months ended 31 December 2024, the Group recorded a net loss attributable to shareholders of the Company of approximately HK\$69,127,000, representing a decrease of approximately HK\$68,209,000 as compared with the net loss attributable to shareholders of approximately HK\$137,336,000 for the corresponding period last year. The decrease in loss for the Period for the Group was mainly due to: (a) the recognition of non-recurring impairment losses on assets in 2023, resulting from an unfavorable market outlook and (b) a decrease in the fair value of investment properties in 2023, while no similar impairment losses and changes in fair value were recognised by the Group in 2024.

During the Period, the Group was committed to enhancing its corporate culture, raising the standards of corporate governance, system efficiency, brand and human resource planning and internal control standards, and setting key performance indicators with the aim of improving its competitiveness and long-term shareholder returns. As part of its environmental, social and governance initiatives, the Group also paid attention to talent training, holding the belief that the expertise and experience of employees is an important element in the long-term sustainability of the Group. The Group is committed to enhancing the capabilities of staff by providing training and equal opportunities, retains and attracts the appropriate talents, so as to promote the long-term operation, growth and development of the Group.



## Management Discussion and Analysis (continued)

### BUSINESS REVIEW AND PROSPECTS (CONTINUED)

#### Prospects

Looking ahead, global economic growth is expected to continue to slow down in 2025. In the face of uncertainties such as expected interest rate cuts, the global economy has become unstable and volatile. The Group will closely monitor the situation, maintain a cautious approach and evaluate its business strategies. We will strictly adhere to cost control policies to improve the Group's operational and financial position. At the same time, the Group will continue to focus on its water supply business and property investment and development business, which provide a stable source of income for the Group. The Group will also continue to explore potential investment and development opportunities in other sectors, including property projects with good potential in China and overseas to diversify risks, enhance market competitiveness and strengthen its core business. This will help to diversify the Group's business and create new revenue streams for the Group to achieve sustainable growth.



## Management Discussion and Analysis (continued)

### FINANCIAL OVERVIEW

#### Revenue and loss attributable to shareholders of the Company for the Period

During the twelve months ended 31 December 2024, the Group recorded a revenue of approximately HK\$331,049,000, representing an increase of 3.7% or approximately HK\$11,902,000 as compared to the corresponding period last year. The increase in revenue was mainly due to the increase in the income of the Group's water supply and related business and property investment and development business. The net loss attributable to shareholders of the Company for the twelve months ended 31 December 2024 was approximately HK\$69,127,000, representing a decrease of approximately HK\$68,209,000 as compared to the corresponding period last year. The decrease in loss for the Period for the Group was mainly due to: (a) the recognition of non-recurring impairment losses on assets in 2023, resulting from an unfavorable market outlook and (b) a decrease in the fair value of investment properties in 2023, while no similar impairment losses and changes in fair value were recognised by the Group in 2024.

#### Cost of sales/services rendered

During the twelve months ended 31 December 2024, the Group recorded a cost of sales/services rendered in the amount of approximately HK\$303,554,000, representing an increase of approximately HK\$2,178,000 as compared to the corresponding period last year. The increase in cost of sales/services rendered was mainly attributable to the increase of cost of sales/services rendered of the Group's businesses of water supply and related services and property investment and development business.

#### Other income and gains/(losses)

Other income and gains/(losses) consist of interest on bank deposits, interest on loans receivable and other miscellaneous income.

During the twelve months ended 31 December 2024, the Group recorded other income and gains of approximately HK\$9,829,000, representing an increase of approximately HK\$7,171,000 as compared with the corresponding period last year. The increase was mainly due to a decrease in net exchange losses during the Period.



# Management Discussion and Analysis (continued)

## FINANCIAL OVERVIEW (CONTINUED)

### General and administrative expenses

During the twelve months ended 31 December 2024, the Group recorded general and administrative expenses of approximately HK\$70,397,000, representing an increase of approximately HK\$2,510,000 as compared to the corresponding period last year. The increase in the general and administrative expenses was mainly attributable to the increase in depreciation charges for the Group and maintenance fee for water plants during the Period.

### Share of loss of a joint venture

During the twelve months ended 31 December 2024, the Group recorded a share of loss of a joint venture of HK\$2,438,000, representing a decrease of approximately HK\$2,862,000 as compared to the corresponding period last year. It was mainly attributable to the loss from a joint venture during the Period.

### Finance costs

During the twelve months ended 31 December 2024, the Group recorded finance costs of approximately HK\$40,917,000, representing a decrease of finance costs of approximately HK\$7,680,000 as compared to the corresponding period last year. It was mainly due to the partial repayment of bank loans by the Group during the Period.

### Income tax (expense)/credit

During the twelve months ended 31 December 2024, the Group recorded an income tax expense of approximately HK\$22,774,000, in contrast to the income tax credit of HK\$12,750,000 in the corresponding period last year. It was mainly due to: (a) the recognition of non-recurring impairment losses on assets in 2023, resulting from an unfavorable market outlook and (b) a decrease in the fair value of investment properties in 2023, while no similar impairment losses and changes in fair value were recognised by the Group in 2024.



## Management Discussion and Analysis (continued)

### FINANCIAL OVERVIEW (CONTINUED)

#### Property, plant and equipment

The Group's property, plant and equipment decreased by approximately HK\$29,685,000 from approximately HK\$331,859,000 as at 31 December 2023 to approximately HK\$302,174,000 as at 31 December 2024. The decrease was mainly attributable to: (1) the depreciation charge; and (2) the decrease in the Group's RMB-denominated property, plant and equipment resulted from the depreciation of RMB against HK\$ during the Period.

#### Prepaid land lease premium

The Group's prepaid land lease premium decreased by approximately HK\$1,148,000 from approximately HK\$22,450,000 as at 31 December 2023 to approximately HK\$21,302,000 as at 31 December 2024. The decrease was mainly attributable to: (1) the amortisation charge; and (2) the decrease in the Group's RMB-denominated prepaid land lease premium resulted from the depreciation of RMB against HK\$ during the Period.

#### Investment properties

The Group's investment properties decreased by approximately HK\$17,545,000 from approximately HK\$603,127,000 as at 31 December 2023 to approximately HK\$585,582,000 as at 31 December 2024. It was mainly attributable to the decrease in the Group's RMB-denominated investment properties resulted from the depreciation of RMB during the Period.

#### Right-of-use assets

The Group's right-of-use assets increased by approximately HK\$35,648,000 from approximately HK\$6,254,000 as at 31 December 2023 to approximately HK\$41,902,000 as at 31 December 2024. The increase was mainly attributable to the property investment and development business.



## Management Discussion and Analysis (continued)

### FINANCIAL OVERVIEW (CONTINUED)

#### Interest in a joint venture

The Group's interest in a joint venture decreased by approximately HK\$9,141,000 from approximately HK\$232,095,000 as at 31 December 2023 to approximately HK\$222,954,000 as at 31 December 2024. It was mainly attributable to the decrease in the Group's RMB-denominated interest in a joint venture resulted from the depreciation of RMB against HK\$ during the Period.

#### Intangible assets

The Group's intangible assets decreased by approximately HK\$36,687,000 from approximately HK\$122,340,000 as at 31 December 2023 to approximately HK\$85,653,000 as at 31 December 2024. The decrease was mainly due to: (1) the decrease in the Group's RMB-denominated intangible assets resulting from the depreciation of RMB, and (2) the amortisation for the Period.

#### Deposit paid for acquisition of a subsidiary

The Group's deposit paid for acquisition of a subsidiary decreased by approximately HK\$1,045,000 from approximately HK\$26,602,000 as at 31 December 2023 to approximately HK\$25,557,000 as at 31 December 2024. The decrease was mainly due to the decrease in the Group's RMB-denominated deposit paid for acquisition of a subsidiary resulted from the depreciation of RMB against HK\$ during the Period.

#### Deposits paid for acquisition of investment properties

The Group's deposits paid for acquisition of investment properties decreased by approximately HK\$6,244,000 from approximately HK\$159,586,000 as at 31 December 2023 to approximately HK\$153,342,000 as at 31 December 2024. The decrease was mainly due to the decrease in the Group's RMB-denominated deposits paid for acquisition of investment properties resulting from the depreciation of RMB against HK\$ during the Period.



# Management Discussion and Analysis (continued)

## FINANCIAL OVERVIEW (CONTINUED)

### **Inventories**

The Group's inventories decreased by approximately HK\$1,862,000 from approximately HK\$5,627,000 as at 31 December 2023 to approximately HK\$3,765,000 as at 31 December 2024. The decrease was mainly due to the decrease in the Group's RMB-denominated inventories resulting from the depreciation of RMB against HK\$ during the Period.

### **Properties under development**

The Group's properties under development increased by approximately HK\$6,388,000 from approximately HK\$13,549,000 as at 31 December 2023 to approximately HK\$19,937,000 as at 31 December 2024. The increase was attributable to the properties under development located overseas.

### **Debtors**

The Group's debtors decreased by approximately HK\$2,019,000 or 5.9% from approximately HK\$34,472,000 as at 31 December 2023 to approximately HK\$32,453,000 as at 31 December 2024. The decrease was mainly attributable to the shorter settlement period by customers of the Group's property investment and development business.

### **Deposits, prepayments and other receivables**

Deposits, prepayments and other receivables consist of utilities and deposits, prepayments, interest receivable, loan receivables and other receivables from independent third parties. Loan receivables are unsecured and interest-bearing at 5.9% and 4.85% per annum, and the remaining other receivables are unsecured and interest-free.

The Group's deposits, prepayments and other receivables increased by approximately HK\$17,568,000 from approximately HK\$100,962,000 as at 31 December 2023 to approximately HK\$118,530,000 as at 31 December 2024. The increase was mainly due to the increase in the Group's loan receivables and other receivables from property investment and development in overseas.



## Management Discussion and Analysis (continued)

### FINANCIAL OVERVIEW (CONTINUED)

#### **Amount due from a related company**

The Group's amount due from a related company increased by approximately HK\$536,000 from HK\$Nil as at 31 December 2023 to HK\$536,000 as at 31 December 2024. The increase was attributable to the water supply and related business.

#### **Cash and bank balances and fixed deposits**

The Group's cash and bank balances and fixed deposits increased by approximately HK\$1,610,000 from approximately HK\$229,666,000 as at 31 December 2023 to approximately HK\$231,276,000 as at 31 December 2024. The increase in cash and bank balances and fixed deposits was mainly due to the increase in income of the Group's water supply and related business and property investment and development business. As at 31 December 2024, 83% (31 December 2023: 68%) of the cash and bank balances was denominated in RMB.

#### **Pledged time deposits**

The Group's pledged time deposits decreased by approximately HK\$58,936,000 from approximately HK\$141,020,000 as at 31 December 2023 to approximately HK\$82,084,000 as at 31 December 2024. The decrease was mainly due to the partial repayment of bank loans during the Period.

#### **Bank and other borrowings**

The Group's bank and other borrowings decreased by approximately HK\$121,933,000 from approximately HK\$866,798,000 as at 31 December 2023 to approximately HK\$744,865,000 as at 31 December 2024. The decrease was mainly attributable to the partial repayment of bank loans during the Period.

#### **Trade payables**

The Group's trade payables increased by approximately HK\$118,558,000 from approximately HK\$350,443,000 as at 31 December 2023 to approximately HK\$469,001,000 as at 31 December 2024. The increase in trade payables was due to the increase in provision of costs of water supply.



## Management Discussion and Analysis (continued)

### FINANCIAL OVERVIEW (CONTINUED)

#### Payable to merchants

The Group's payable to merchants as at 31 December 2024 amounted to approximately HK\$3,002,000, which is similar to the figure as at 31 December 2023.

#### Deposits received, sundry creditors and accruals

Deposits received, sundry creditors and accruals consist of rental and other deposits received, accruals, construction fee payable and other tax payables.

The Group's deposits received, sundry creditors and accruals decreased by approximately HK\$18,859,000 from approximately HK\$154,217,000 as at 31 December 2023 to approximately HK\$135,358,000 as at 31 December 2024. The decrease was mainly attributable to the decrease in provision for maintenance costs and construction fee payable for the Group's water supply business during the Period.

#### Contract liabilities

The Group's contract liabilities decreased by approximately HK\$1,372,000 from approximately HK\$14,101,000 as at 31 December 2023 to approximately HK\$12,729,000 as at 31 December 2024. The decrease was mainly due to the increase in recognising contract liabilities as contract income of the Group's water supply and related business during the Period.

#### Lease liabilities

The Group's lease liabilities increased by approximately HK\$33,488,000 from approximately HK\$6,387,000 as at 31 December 2023 to approximately HK\$39,875,000 as at 31 December 2024. The increase was in line with the increase in right-of-use assets as a result of entering into a new lease agreement.

#### Amount due to a related company

The Group's amount due to a related company decreased by approximately HK\$44,000 from approximately HK\$44,000 as at 31 December 2023 to HK\$Nil as at 31 December 2024. The decrease was due to the repayment to the related company during the Period.



## Management Discussion and Analysis (continued)

### FINANCIAL OVERVIEW (CONTINUED)

#### Tax liabilities

The Group's tax liabilities increased by approximately HK\$1,204,000 from approximately HK\$3,879,000 as at 31 December 2023 to approximately HK\$5,083,000 as at 31 December 2024. Such increase was in line with the increase in income tax expense during the Period.

#### Liquidity and financial resources

As at 31 December 2024, the Group had net current liabilities of approximately HK\$498,227,000. Current assets comprised properties under development of approximately HK\$19,937,000, inventories of approximately HK\$3,765,000, debtors of approximately HK\$32,453,000, deposits, prepayments and other receivables of approximately HK\$118,530,000, amount due from a related company of approximately HK\$536,000, fixed deposits of approximately HK\$81,687,000, pledged time deposits of approximately HK\$82,084,000 and cash and bank balances of approximately HK\$149,589,000.

Current liabilities comprised bank and other borrowings of approximately HK\$357,769,000, trade payables of approximately HK\$469,001,000, payable to merchants of approximately HK\$3,002,000, deposits received, sundry creditors and accruals of approximately HK\$133,675,000, contract liabilities of approximately HK\$12,729,000, lease liabilities of approximately HK\$5,549,000 and tax liabilities of approximately HK\$5,083,000.

The gearing ratio (defined as the percentage ratio of the total liabilities, excluding deferred tax liabilities, over the total assets, excluding deferred tax assets) of the Group as at 31 December 2024 was 73% (31 December 2023: 69%).

The Board considers that the Group's existing financial resources are sufficient to fulfill its current commitments and working capital requirements, and the Group should be able to fund its foreseeable expenditures through cash flows from operations. However, if the Group launches any massive scale of expansion, development, investment or acquisition, additional debt or equity financing may be required.



## Management Discussion and Analysis (continued)

### EMPLOYEES

As at 31 December 2024, the total number of employees of the Group was 410 (31 December 2023: 412). The remuneration of the employees (including directors) was determined according to their performance and work experience. In addition to basic salaries, discretionary bonuses or share awards may be granted to eligible employees by reference to the Group's performance as well as the individual's performance. The Group also provides social security benefits to its staff such as Mandatory Provident Fund Scheme in Hong Kong and the central pension scheme in the PRC.

The dedication and contribution of the Group's staff during the Period are greatly appreciated and acknowledged.

### SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

#### **Discloseable Transaction Relating to the Leasing of Premises in Guangzhou, China**

On 31 December 2024, General Office, Guangdong Provincial Committee of the Communist Party of China (as landlord) and Guangzhou Hengxin Yuxuan Industrial Development Limited (as tenant), an indirect wholly-owned subsidiary of the Company, entered into the Lease Agreement in respect of the leasing of retail and commercial properties with gross floor area of approximately 8,944 sq.m located at Basement One (entire), Level One (portion), Level Four (portion including the mezzanine), Level Five (portion) and Level Six (portion) of a commercial complex known as Dongshan Jinxuan Modern Mall (the "**Mall**"), which is situated at Nos. 4 and 6 Nonglinxia Road, Yuexiu District, Guangzhou, the PRC (the "**Premises**"). The leasing of the Premises was for a term of 5 years commencing on 1 January 2025 with the first six months being rent-free period. The monthly rent for the first year (after the rent-free period) is RMB686,712 (HK\$730,675), and thereafter subject to 3% annual increment for the second to fifth years.



## Management Discussion and Analysis (continued)

### SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS (CONTINUED)

#### **Discloseable Transaction Relating to the Leasing of Premises in Guangzhou, China (continued)**

In accordance with HKFRS 16, the entering into and performance of the Lease Agreement will result in the Group having to recognize a right-of-use asset in relation to the Premises in its consolidated statement of financial position, which is measured at the present value of the total rent payable, plus costs, and discounted by borrowing rate. The value of such right-of-use asset expected to be recognized by the Company as a result of the lease of the Premises under the Lease Agreement is expected to be approximately RMB36,730,472 (equivalent to approximately HK\$39,081,957), which is unaudited and may be subject to adjustment in the future.

The entering into of the Lease Agreement is deemed to be an acquisition of right-of-use asset. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Lease Agreement are more than 5% but less than 25%, the entering into of the Lease Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. Further details of the discloseable transaction were set out in the Company's announcement dated 6 January 2025.



## Management Discussion and Analysis (continued)

### SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS (CONTINUED)

#### Discloseable Transaction Relating to the Payment of Earnest Money for the Possible Acquisition of Certain Property Interest in the PRC

On 5 June 2023, the Company entered into the non-legally binding memorandum of understanding (the “**MOU**”) with Dongguan Zhaoyu Real Estate Co., Ltd. (the “**Vendor**”) and Qingyuan Xuhong Industrial Co., Ltd. (“**Target Company**”), a company which is principally engaged in real estate investment, wholesale and retail of textile products, pursuant to which the Company (or a subsidiary nominated by it) proposed to acquire a controlling stake in the equity interest (and corresponding shareholder’s loan, if any) in the Target Company (or a newly established holding company for the target properties situated at Guangdong Qingyuan High-tech Industrial Development Zone, Qingyuan City, Guangdong Province, the PRC) for the indicative consideration (subject to contract) of not less than RMB300 million (HK\$334.34 million), which is intended to be settled by cash, promissory notes, equity, convertible securities or a combination of them. Under the terms of the MOU, the Company has paid to the Vendor (or as it may instruct) a refundable earnest money of RMB150 million (HK\$167.17 million). Details of the MOU were set out in the Company’s announcement dated 5 June 2023. As of the date of the end of period of review, the Company has not signed any binding agreement with the Vendor.

Save as disclosed above, the Group had no significant investments, acquisitions and disposals during the twelve months ended 31 December 2024.



## Management Discussion and Analysis (continued)

### DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group had capital expenditure contracted but not provided for in respect of property, plant and equipment in the amount of approximately HK\$5,569,000 as at 31 December 2024.

The Board considers that the Group's existing financial resources are sufficient to fulfill its current commitments and working capital requirements, and the Group should be able to fund its foreseeable expenditures through cash flows from operations. Save for the said capital commitments and the possible acquisitions as contemplated under the MOU as detailed above, there was no other future plan for material investments or capital assets for the twelve months ended 31 December 2024. If the Group launches any massive scale of expansion, development, investment or acquisition, additional debt or equity financing may be required. The Company will only consider raising additional debt or equity to finance its expansion, development, investment or acquisition if it is in the best interests of the Company and its shareholders to do so. When negotiating the terms of the possible acquisitions under the MOU, the Company would consider settling the acquisition consideration partly or fully by debt or equity. Up to the date of this second interim report, no legally binding agreement has been entered into in respect of the MOU. Further announcement(s) will be made as and when any disclosure obligation is triggered by material development of these acquisitions.



## Management Discussion and Analysis (continued)

### CHARGES ON GROUP'S ASSETS

The Group's bank loans as at 31 December 2024 were secured by:-

- i. charges over time deposits amounting to US\$10,750,000 (equivalent to approximately HK\$82,084,000);
- ii. charges over a land use right under service concession arrangement with aggregate carrying amounts of RMB791,000 (equivalent to approximately HK\$841,000);
- iii. charges over the investment properties with carrying amounts of RMB508,300,000 (equivalent to approximately HK\$540,841,000);
- iv. pledge of trade receivables with a carrying amount of RMB30,114,000 (equivalent to approximately HK\$32,042,000);
- v. pledge of 100% equity interest in Qingyuan Water Supply Development Company Limited;
- vi. pledge of 100% equity interest in Qingyuan Qingxin District Taihe Water Company Limited;
- vii. pledge of 100% equity interest in Guangzhou Hengxin Yuxuan Industrial Development Limited;
- viii. guarantee by Guangzhou Yicheng Investment Holdings Limited, Qinghui Properties Limited and Qingyuan Qingxin District Huike Properties Company Limited, all being subsidiaries of the Group;
- ix. guarantee by Dongguan New Century Science and Education Development Limited ("**New Century**"), Ms Zhu Fenglian ("**Ms. Zhu**") and her spouse; and
- x. guarantee by the non-controlling shareholders of subsidiaries and business associate.



## Management Discussion and Analysis (continued)

### CURRENCY RISK

The Group's core businesses are mainly transacted and settled in Renminbi (“**RMB**”) and the majority of assets and liabilities are denominated in RMB and Hong Kong dollars (“**HK\$**”). There are no significant assets and liabilities denominated in other currencies. For the twelve months ended 31 December 2024, the Group did not enter into any arrangements to hedge its foreign currency exposure. Any material fluctuation in the exchange rates of HK\$ or RMB may have an impact on the operating results of the Group.

The exchange rate of RMB to HK\$ is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

### CAPITAL COMMITMENT

As at 31 December 2024, the Group had capital commitments contracted but not provided for in the amount of approximately HK\$5,569,000 (31 December 2023: approximately HK\$14,968,000) comprising acquisition of property, plant and equipment which is in connection with the capital expenditures of the Group's water supply and related business.

### CONTINGENT LIABILITIES

The Directors consider that the Group had no contingent liabilities as at 31 December 2024.



## Management Discussion and Analysis (continued)

### DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B OF THE LISTING RULES

Pursuant to Rule 13.51B of the Listing Rules, the changes in the information of the Directors during the twelve months ended 31 December 2024 and up to the date of this report are as follows:

1. Mr. Xuan Zhensheng, was previously a non-executive Director of the Company, (i) was re-designated as an executive Director of the Company with effect from 28 June 2024; (ii) was appointed as a director of Chevalier Earth Group Limited (a direct wholly-owned subsidiary of the Company) with effect from 28 June 2024; and (iii) was appointed as a non-independent director and general manager of Guangdong Golden Dragon Development Inc. ("**GD**", whose shares are listed on the Shenzhen Stock Exchange with stock code: 000712), taking effect from 24 June 2024;
2. Ms. Zhang Haimei ceased to be (i) a director of Chevalier Earth Group Limited with effect from 28 June 2024; (ii) retired as an executive Director taking effect at the conclusion of the annual general meeting of the Company (the "**AGM**") on 28 June 2024; and (iii) ceased to be a general manager and a director of GD with effect from 24 June 2024;
3. Mr. Chen Lang was elected by the Shareholders as a non-executive Director, taking effect at the conclusion of the AGM on 28 June 2024; and
4. Mr. David Tsoi ceased to be a director and member of the audit committee of Tianli Holdings Group Limited (stock code: 117) with effect from 31 January 2025.

### LITIGATION

The followings are the litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group:



## Management Discussion and Analysis (continued)

### LITIGATION (CONTINUED)

Reference is made to the Company's announcement dated 3 March 2020 (the "**Cessation Notice Announcement**") regarding the Cessation Notice issued by the Bureau on the cessation of water intake of Qixinggang Water Plant operated by WSD Company (a subsidiary of the Group) and the commencement of full water intake from the Government-designated Water Plant, and the previous financial reports of the Company. Unless the context otherwise requires, capitalized terms in this section shall have the same meanings as defined in the Cessation Notice Announcement and the previous financial reports of the Company.

As disclosed in the Cessation Notice Announcement and the previous financial reports of the Company, the Group has sought legal advice to uphold its right regarding the Cessation Notice and the water intake from the Government-designated Water Plant. Since October 2020, WSD Company received various writs of civil claim from the Government-designated Water Plant alleging to claim against WSD Company the "cost of water supply" for various time periods. At the relevant time, after seeking advice from its PRC legal advisers, WSD Company was of the view that the dispute originated from administrative decision/order given by the governmental bodies instead of a contract voluntarily entered into by a willing buyer and therefore was without legal basis (the "**Group's View**"). However, the Group has made provision on the basis of our own estimation of the cost of water supply in its consolidated financial statements, pending the resolution of the relevant disputes and litigations.

In August and September 2024, the Group received civil judgments from the Intermediate People's Court of Qingyuan, Guangdong Province, notifying the Group that the Group's View was disagreed by the Court and ordering the WSD Company to pay water charges of RMB35,526,147 and RMB40,561,779 (plus overdue interest accruing at the rate of 1-year term loan market quoted interest rate) and litigation and related charges, to the Government-designated Water Plant. Up to the date of this report, the amounts of water charges stated in the civil judgments were already settled as to RMB72,204,117. Regarding the cases for which final civil judgments were rendered by the Court, the Company will continue to seek legal advice including without limitation as regards the reasonableness of water unit charges, interest rate and accruing period. Regarding the cases for which final civil judgments were yet to be rendered, the Group will continue to seek legal advice to uphold its position, and/or take other actions as may be appropriate in the circumstances.

## Other Information

### CHANGE OF BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

On 1 November 2024, the Company's branch share registrar and transfer office in Hong Kong was changed to Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

### CHANGE OF FINANCIAL YEAR END DATE

On 30 December 2024, the Board resolved to change the financial year end date of the Company from 31 December to 30 June with immediate effect.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests or short positions of the directors and chief executives or their associates of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "SFO") which (i) are notified to the Company and The Stock Exchange of Hong Kong Limited (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 (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) are notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 to the Listing Rules, were as follows:

Name of Director	Interests in ordinary shares		Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	% of the Company's issued share capital
	Personal interests	Corporate Interests				
<b>Executive Director</b>						
Ms. Zhu (note 1)	-	1,561,140,000	1,561,140,000	-	1,561,140,000	28.32%



## Other Information (continued)

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

Notes:

1. Ms. Zhu is deemed to be interested in the 1,561,140,000 shares attributable to Ms. Zhu and her controlled corporation, Affluent Vast Holdings Limited ("**Affluent Vast**"), Ever City Industrial Development Limited ("**Ever City**") and Eastcorp International Limited ("**Eastcorp**"). For the details of the deemed interest of Ms. Zhu, Affluent Vast and Ever City, please refer to Note 1 to the section headed "Persons who have an Interest or a Short Position which is Discloseable under Divisions 2 and 3 of Part XV of the SFO and Substantial Shareholding".
2. There were no debt securities nor debentures issued by the Group at any time during the twelve months ended 31 December 2024.

Save as disclosed above, so far as the directors are aware, as at 31 December 2024, none of the directors or chief executives or their associates of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) are 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 (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) are notified to the Company and the Stock Exchange pursuant to Model Code.

## Other Information (continued)

### PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING

So far as is known to any director or chief executive of the Company, as at 31 December 2024, persons who have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Company were as follows:

#### LONG POSITIONS IN THE SHARES OF THE COMPANY

Name	Type of interests	Number of shares	Approximate percentage of interests
Ever City (Note 1)	Beneficial owner and interest in controlled corporation	1,561,140,000	28.32%
Ms. Zhu (Note 1)	Interest in controlled corporation	1,561,140,000	28.32%
Affluent Vast (Note 1)	Interest in controlled corporation	1,561,140,000	28.32%
Eastcorp (Note 1)	Beneficial owner	600,000,000	10.88%
Ms. Wang (Note 2)	Beneficial owner and interest in controlled corporation	550,020,000	9.98%
GPE Guangzhou (Note 2)	Interest in controlled corporation	550,000,000	9.98%
GPE HK (Note 2)	Beneficial owner	550,000,000	9.98%

## Other Information (continued)

### PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING (CONTINUED)

#### LONG POSITIONS IN THE SHARES OF THE COMPANY (continued)

Notes:

1. Ms. Zhu, Affluent Vast and Ever City are deemed to be interested in 1,561,140,000 shares of the Company, representing 28.32% of the total issued share capital of the Company, which comprises (a) 961,140,000 shares directly held by Ever City; and (b) 600,000,000 shares held by Eastcorp. Ever City is wholly and beneficially owned by Affluent Vast. Affluent Vast is wholly and beneficially owned by Ms. Zhu. Therefore, Ever City is deemed to be a controlled corporation of Affluent Vast and Ms. Zhu. Eastcorp is wholly and beneficially owned by Ever City. Therefore, Eastcorp is deemed to be a controlled corporation of Ever City, Affluent Vast and Ms. Zhu.
2. According to the disclosure of interest (“DI”) filings, (a) Global Pay Easy (Hongkong) Technology Limited (“GPE HK”) was interested in 550,000,000 shares of the Company, representing 9.98% of the total issued share capital of the Company; (b) GPE HK was wholly owned by Global Pay Easy Technology Company Limited (“GPE Guangzhou”), GPE Guangzhou was in turn 85% owned by Wang Yingqi (“Ms. Wang”) and Ms. Wang was personally interested in 20,000 shares of the Company.

Save as disclosed above, so far as is known to any Director or chief executive of the Company, as at 31 December 2024, no other persons had notified the Company of any interest or short position in the shares or underlying shares of equity derivatives of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or any direct or indirect interest in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Company.

Save as disclosed under the sections headed “Directors’ and chief executives’ interests or short positions in shares, underlying shares and debentures” and “Persons who have an interest or a short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholding” above, as at 31 December 2024, no other person was individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at a general meeting of the Company and was able, as a practical matter, to direct or influence the management of the Company.



## Other Information (continued)

### PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING (CONTINUED)

So far as the directors are aware, save as disclosed herein, no persons have long positions in underlying shares of equity derivatives of the Company.

So far as the directors are aware, save as disclosed herein, no persons have short positions in the shares or underlying shares of equity derivatives of the Company.

### SHARE OPTION SCHEMES

The GEM share option scheme adopted by the Company on 12 October 2001 (the “**GEM Share Option Scheme**”) prior to the Company’s listing in October 2001 was terminated, upon the listing of the shares of the Company being transferred from GEM to the Main Board of the Stock Exchange on 22 June 2010. After its termination, no further share option can be granted under the GEM Share Option Scheme. As at the date of this report, no option remained outstanding under the GEM Share Option Scheme. Therefore, no option was exercised, cancelled or lapsed under the GEM Share Option Scheme at the beginning and the end of the Period under review.

The Board adopted a share option scheme (the “**2010 Share Option Scheme**”) at the Company’s extraordinary general meeting held on 12 August 2010. A summary of the principal terms of the 2010 Share Option Scheme can be found on pages 9 to 19 of the Company’s circular dated 19 July 2010. On 11 August 2020, the 2010 Share Option Scheme lapsed and no option can be granted thereunder any further. At the time of lapse of the 2010 Share Option scheme, no option had remained outstanding. Therefore, no option was exercised, cancelled or lapsed under the 2010 Share Option Scheme at the beginning and the end of the Period under review.



## Other Information (continued)

### SHARE AWARD SCHEME

The Company adopted a share award scheme (the “**Share Award Scheme**”) on 15 January 2021 (the “**Adoption Date**”). The major terms of the Share Award Scheme disclosed in accordance with the Listing Rules are as follows:

#### 1. Purpose of the Share Award Scheme

The purposes of the Share Award Scheme are to (a) recognize the contributions by certain employees (whether full-time or part-time), directors, officers, consultants, agents or advisers of the Group, but excluding the Excluded Participants, who are selected by the Administration Committee to be eligible for participation in the Scheme (the “**Eligible Participants**”) and to give incentives thereto in order to retain them for the continuing operation, growth and development of the Group; (b) attract suitable personnel for further development of the Group; (c) to provide the Eligible Participants with an opportunity to acquire interest in the Company; and (d) align the interests of the grantees (the “**Grantees**”) of share award selected by the committee established by the Board to administer the Share Award Scheme (the “**Administration Committee**”) with the long-term performance of the Company through the ownership of Shares.

#### 2. (a) Participants and operation of the Share Award Scheme and (b) Vesting of awards and vesting period

Pursuant to the Share Award Scheme, the Administration Committee shall from time to time, subject always to the rules of the Share Award Scheme, at its absolute discretion select any employee(s) (whether full-time or part-time), directors, officers, consultants, agents or advisers of the Group, (excluding any Excluded Participant) for participation in the Scheme as an Eligible Participant and determine the number of shares awarded under the Share Award Scheme (the “**Awarded Shares**”) to be granted to each of the Grantees and impose vesting conditions (including the vesting periods) on any award of shares granted by the Administration Committee under the Share Award Scheme to a Grantee (“**Award**”) or Grantee. The following categories of persons (the “**Excluded Participants**”) are excluded from the eligibility to participate in the Scheme, namely: (a) persons who are residents in places where the grant, acceptance or vesting of an Award pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or where, in the view of the Administration Committee or the trustee of the Share Award Scheme (as the case may be), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual; and (b) Directors, the Group’s directors and employees who are in possession of inside information of the Company, and their respective close associates.



## Other Information (continued)

### SHARE AWARD SCHEME (CONTINUED)

#### 2 (a) Participants and operation of the Share Award Scheme and (b) Vesting of awards and vesting period (continued)

Astrum Capital Management Limited was appointed as a trustee of the Share Award Scheme. Subject to the terms and conditions of the Share Award Scheme and the fulfilment of all vesting conditions, the Awarded Shares held by the trustee on behalf of a selected participant shall vest in such selected participant and the trustee shall transfer the Awarded Shares to such selected participant.

#### 3. Total number of shares available for awards

No further award of Awarded Shares may be made which will result in the aggregate number of the Shares awarded under the Scheme exceeding ten percent (10%) of the issued share capital of the Company as at the Adoption Date (the “**Scheme Limit**”). For the purpose of determining whether the Scheme Limit (or its refreshment) is exceeded, Shares awarded but cancelled or lapsed shall not be counted. The Scheme Limit may be refreshed from time to time by a resolution of the Board (the “**Refreshment Approval**”), but the aggregate number of the Shares awarded under the Scheme following the Refreshment Approval shall not exceed ten percent (10%) of the issued share capital of the Company as at the date of the Refreshment Approval. For the purpose of determining whether the Scheme Limit so refreshed is exceeded, Shares awarded prior to the Refreshment Approval (including those cancelled, lapsed and/or not yet vested) shall not be counted.

#### 4. Maximum entitlement of each participant

No Shares shall be purchased or subscribed pursuant to the Scheme, nor any amounts paid to the trustee of the Share Award Scheme for the purpose of making such a purchase or subscription, if the number of Shares held and administered under the Scheme as a result of such purchase or subscription shall exceed ten percent (10%) of issued share capital of the Company as at the date of such purchase or subscription of Shares.



## Other Information (continued)

### SHARE AWARD SCHEME (CONTINUED)

#### 4. Maximum entitlement of each participant (continued)

Unless specifically approved by a prior resolution of the Board, the maximum number of Shares which may be awarded to any Grantee in any twelve (12)-month period shall not in aggregate exceed one percent (1%) of the issued share capital of the Company as at the Adoption Date or the latest date of the Refreshment Approval, as the case may be.

#### 5. Remaining life of the Share Award Scheme

The Share Award Scheme shall be valid and effective during the period commencing on the Adoption Date and ending on 31 December 2035, provided that no further Awards shall be granted after 31 January 2032 and no vesting date can be fixed beyond 31 December 2035 for Awards. As at the date hereof, the Share Award Scheme has a remaining life of 12 years and three months.

For further details, please refer to the Company's announcement dated 15 January 2021.

As of 1 January 2024, 31 December 2024 and the date of this second interim report, the total number of shares available for grant under the scheme mandate and available for issue under the Share Award Scheme were 551,300,000 shares, representing 10.0% of the issued share capital of the Company. No service provider sub-limit was set under the Share Award Scheme. No consideration is payable by the eligible person on application or acceptance of an award under the Share Award Scheme.

Under the rules of the Share Award Scheme, share awards may be subject to vesting periods and/or vesting conditions as may be decided by the Administration Committee in its absolute discretion. Since the adoption of the Share Award Scheme on 15 January 2021, no share awards have been granted or agreed to be granted to any eligible participant under the Share Award Scheme. Accordingly, there has not been any awarded but unvested Shares since the adoption of the Share Award Scheme. In addition, no option was exercised, cancelled or lapsed under the Share Award Scheme at the beginning and the end of the Period under review.



## Other Information (continued)

### SHARE AWARD SCHEME (CONTINUED)

For the twelve months ended 31 December 2024, the Group purchased 11,670,000 (twelve months ended 31 December 2023: 3,680,000) shares through the trustee of the Share Award Scheme from the open market at the aggregate consideration of HK\$1,268,000 (twelve months ended 31 December 2023: HK\$495,000), but no shares were granted or agreed to be granted to any eligible participant under the Share Award Scheme.

### CONNECTED TRANSACTIONS

As disclosed in Note 20 to the condensed consolidated financial statements, as at and throughout the Period, the Group had certain banking facilities which were not only secured by land charges, and investment properties, pledge of trade receivables, pledge of equity interest in the Group's subsidiaries and intra-group corporate guarantees, but also guaranteed by the following connected persons or associates of the Company (the **"Guarantee by CP"**), namely: New Century, Ms. Zhu and her spouse, and the non-controlling shareholders of subsidiaries. Since the Guarantee by CP is conducted on normal commercial terms or better to the Company, no consideration is required to be paid by the Company for the Guarantee by CP and the Guarantee by CP is not secured by any assets of the Company or its subsidiaries, the Guarantee by CP is fully exempt under Rule 14A.90 from all disclosure, annual review, circular and shareholders' approval requirements of the Listing Rules.



## **Other Information (continued)**

### **NO COMPETITION OR CONFLICT OF INTERESTS**

During the Period under review, none of the directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities. Securities purchased by the trustee of the share award scheme which was adopted by the Company on 15 January 2021 during the Period under review were disclosed in the section "condensed consolidated statement of changes in equity" above.

### **PRE-EMPTIVE RIGHTS**

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

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained the prescribed public float under the Listing Rules up to the date of this second interim report.



## Other Information (continued)

### CORPORATE GOVERNANCE CODE

The Company has applied the principles and provisions as set out in the Corporate Governance Code as set out in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**CG Code**”). The Company has complied with the applicable Code Provisions of the CG Code save for the deviation mentioned below:

During the Period, Mr. Chen Jinyang has been acting as an executive Director, the chairman of the Board as well as the chief executive officer of the Company. This arrangement deviates from the provision of C.2.1 (formerly A.2.1) of the CG Code, which provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The Directors are of the opinion that the current arrangement will enable stronger leadership for managing the Company and will carry out effective and efficient management and solid business and strategic planning. The Directors believe that the current arrangement does not have a material adverse impact on the corporate governance of the Company.

The Board will carry out a regular review and propose any amendments, if necessary, to ensure compliance with the CG Code provisions as set out in the Listing Rules.

### DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all directors, the directors have complied with the above-mentioned required standards of dealings regarding directors’ securities transactions throughout the twelve months ended 31 December 2024.



## Other Information (continued)

### DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the twelve months ended 31 December 2024 (twelve months ended 31 December 2023: Nil).

### AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) in October 2001. The Board has confirmed that the terms of reference are in compliance with the CG Code. The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting process, internal control and risk management systems.

The Audit Committee currently comprises three Independent Non-Executive Directors, namely, Mr. Yeung Kin Chung Clifton, *M.H.*, Mr. David Tsoi, and Mr. Chao Pao Shu George. The chairman of the Audit Committee is Mr. David Tsoi, who possesses recognised professional qualifications in accounting.

Working closely with the management of the Company, the Audit Committee has reviewed the Company’s second interim results, the accounting principles and practices adopted by the Group, and discussed with the Board and the management on the internal controls, risk management and financial reporting matters.

The second interim financial report for the twelve months ended 31 December 2024 is unaudited and has been reviewed by the Audit Committee.



## Other Information (continued)

### PUBLICATION OF SECOND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This report will be published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.uth.com.hk](http://www.uth.com.hk)).

By order of the Board  
**Universal Technologies Holdings Limited**  
**Chen Jinyang**  
*Chairman and Chief Executive Officer*

Hong Kong, 28 February 2025

*As at the date of this report, the Board of Directors of the Company comprises three executive Directors namely Mr. Chen Jinyang (Chairman and Chief Executive Officer), Ms. Zhu Fenglian and Mr. Xuan Zhensheng; one non-executive Director namely Mr. Chen Lang; and three independent non-executive Directors namely Mr. Yeung Kin Chung Clifton, M.H., Mr. David Tsoi and Mr. Chao Pao Shu George.*