UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED

環球實業科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1026)

FINAL RESULTS ANNOUNCEMENT FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2025

HIGHLIGHTS OF THE YEAR

– Revenue for the eighteen months ended 30 June 2025 amounted to HK$451.30 million (Year ended 31 December 2023: HK$319.15 million), representing an increase of HK$132.15 million or 41.41% as compared to the last fiscal year. Such increase was mainly due to the increase in revenue of the Group's water supply business and rental income from the Group's commercial properties in China.

– Net loss attributable to shareholders of the Company for the eighteen months ended 30 June 2025 was HK$161.36 million (Year ended 31 December 2023: HK$137.34 million), representing an increase of HK$24.02 million as compared to the last fiscal year. The increase in loss was mainly due to the increase in provision of cost of sales of the Group's water supply and related business and the increases in the operating costs and administrative expenses.

– Basic and diluted loss per share for the eighteen months ended 30 June 2025 amounted to 2.93 HK cents (Year ended 31 December 2023: 2.49 HK cents) and 2.93 HK cents (Year ended 31 December 2023: 2.49 HK cents), respectively.

– The Board of Directors does not recommend the payment of any final dividend for the eighteen months ended 30 June 2025 (Year ended 31 December 2023: HK$Nil).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the eighteen months ended 30 June 2025

	Note	**Eighteen months ended 30 June 2025** **HK$'000**	Year ended 31 December 2023 *HK$'000*
Revenue	*4*	**451,301**	319,147
Cost of revenue		**(478,064)**	(301,376)
Gross (loss)/profit		**(26,763)**	17,771
Other income and gains, net	*5*	**9,115**	2,658
Impairment loss on goodwill		**–**	(11,328)
Impairment losses on non-current assets		**–**	(52,009)
Impairment loss on amount due from a joint venture		**(13,865)**	–
Net impairment loss on deposits and receivables		**(10,651)**	(8,177)
Changes in fair value of investment properties		**(40,554)**	(32,590)
General and administrative expenses		**(112,915)**	(67,887)
Share of loss of a joint venture		**(7,328)**	(5,300)
Loss from operations		**(202,961)**	(156,862)
Finance costs	*6(a)*	**(59,100)**	(48,597)
Loss before income tax	*6*	**(262,061)**	(205,459)
Income tax credit	*8*	**2,677**	12,750
Loss for the period/year		**(259,384)**	(192,709)
Attributable to: –			
Shareholders of the Company		**(161,360)**	(137,336)
Non-controlling interests		**(98,024)**	(55,373)
Loss for the period/year		**(259,384)**	(192,709)
Loss per share (in cents)	*9*		
– Basic		**(2.93)**	(2.49)
– Diluted		**(2.93)**	(2.49)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the eighteen months ended 30 June 2025

	Eighteen months ended 30 June 2025	Year ended 31 December 2023
	HK$'000	*HK$'000*
Loss for the period/year	**(259,384)**	(192,709)
Other comprehensive (loss)/income:–		
Items that may be reclassified subsequently to profit or loss:–		
Exchange differences arising on translation of financial statements of overseas operations	**(19,871)**	3,289
Other comprehensive (loss)/income for the period/year	**(19,871)**	3,289
Total comprehensive loss for the period/year	**(279,255)**	(189,420)
Total comprehensive loss attributable to:–		
Shareholders of the Company	**(179,278)**	(158,374)
Non-controlling interests	**(99,977)**	(31,046)
	(279,255)	(189,420)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	Note	**30 June 2025 HK$'000**	31 December 2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**292,275**	331,859
Investment properties		**562,360**	603,127
Right-of-use assets		**55,839**	28,704
Interest in a joint venture		**210,692**	232,095
Intangible assets		**55,464**	122,340
Goodwill		**–**	–
Statutory deposits for financial service business		**400**	400
Deposits paid for acquisition of investment properties		**154,609**	159,586
Deposit paid for acquisition of a subsidiary		**25,768**	26,602
Deferred tax assets		**36,496**	12,373
		1,393,903	1,517,086
CURRENT ASSETS			
Properties under development		**21,863**	13,549
Inventories		**3,896**	5,627
Debtors	*10*	**40,849**	34,472
Deposits, prepayments and other receivables		**128,852**	100,962
Fixed deposits		**59,067**	123,632
Pledged time deposit		**82,084**	141,020
Cash and bank balances		**172,624**	106,034
		509,235	525,296

	Note	30 June 2025 HK$'000	31 December 2023 HK$'000
DEDUCT:			
CURRENT LIABILITIES			
Bank borrowings		**96,901**	255,975
Trade payables	*11*	**500,172**	350,443
Payable to merchants		**3,006**	3,006
Deposits received, other payables and accruals		**235,886**	154,217
Contract liabilities		**24,946**	14,101
Lease liabilities		**8,296**	3,432
Amount due to a related company		**–**	44
Tax payable		**2,797**	3,879
		872,004	785,097
NET CURRENT LIABILITIES		**(362,769)**	(259,801)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,031,134**	1,257,285
DEDUCT:			
NON-CURRENT LIABILITIES			
Bank borrowings		**645,460**	610,823
Lease liabilities		**30,973**	2,955
Deferred tax liabilities		**24,910**	29,994
		701,343	643,772
NET ASSETS		**329,791**	613,513
REPRESENTING:			
CAPITAL AND RESERVES			
Share capital		**55,130**	55,130
Reserves		**560,349**	744,094
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**615,479**	799,224
NON-CONTROLLING INTERESTS		**(285,688)**	(185,711)
TOTAL EQUITY		**329,791**	613,513

Notes

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 its 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.

Pursuant to the reorganisation to rationalise the structure of the Company and its subsidiaries (collectively, the "**Group**") in the preparation for the listing of the Company's shares on GEM operated by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in October 2001, the Company became the holding company of the companies now comprising the Group. The shares of the Company were listed on GEM on 26 October 2001.

On 22 June 2010, the listing of shares of the Company was transferred to the Main Board of the Stock Exchange.

These consolidated financial statements are presented in thousands of units of Hong Kong dollar (HK$'000), unless otherwise stated.

2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for their annual reporting period commencing 1 January 2024 for the preparation of consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
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 HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current period and prior years and/or on the disclosures set out in these consolidated financial statements.

New and Amendments to HKFRS Accounting Standards in issued but not yet effective

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instrument[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
HKFRS 18	Presentation and Disclosure in Financial Statement[4]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS Accounting Standards	Annual Improvement to HKFRS Accounting Standards – Volume 11[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

The directors anticipate that the application of all new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards is which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

In addition, the consolidated financial statements comply with all applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rule**") and the disclosure requirements of the Hong Kong Companies Ordinance.

(b) Change of financial year end date

Pursuant to a resolution of the board (the "**Board**") of directors (the "**Directors**") of the Company passed on 30 December 2024, the Company's financial year end date was changed from 31 December to 30 June to enable the Group to rationalise and mobilise its resources with higher efficiency in planning and executing its financial reporting and audit timetable, to avoid competition of resources with other listed companies with regard to audit services in the peak financial reporting season in the market, and to remove the workflow pressure due to Chinese New Year public holidays for the preparation of results announcement as well as annual report. Accordingly, the current financial period covers a 18-months period from 1 January 2024 to 30 June 2025. The comparative figures cover a 12-months period from 1 January 2023 to 31 December 2023, which may not be comparable with amounts shown for the current period.

(c) Going concern

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing the Group's ability to continue as a going concern. The Group incurred a gross loss and a net loss of approximately HK$26,763,000 and HK$259,384,000 for the 18 months ended 30 June 2025 and, as of that date, the Group's net current liabilities amounted to approximately HK$362,769,000 while its cash and bank balance, fixed deposits and pledged time deposits amounted to approximately HK$168,873,000, HK$59,067,000 and HK$82,084,000 respectively. In addition, as at 30 June 2025: (i) the Group had trade payables of approximately HK$500,172,000, included in trade payables with carrying amounts of approximately HK$157,367,000 in respect of which the Group has failed to repay the overdue balance and legal actions were commenced against the Group for the estimated balance of approximately HK$362,844,000 and (ii) included in deposits received, other payable and accruals with carrying amounts of approximately HK$34,232,000 was compensation payable as a result of civil judgments from the Intermediate People's Court of Qingyuan, Guangdong Province, regarding previous disputes in cost of water supply.

The following plans and measures are formulated to mitigate the Group's liquidity risk and improve the Group's financial position:

- As at 30 June 2025, the Group had unutilised banking facilities of approximately HK$379,370,000. 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.

- The Group will continue to enhance its liquidity and operating cash flows for the next twelve months through the negotiation with the supplier and pursuing the restructuring of the Group's subsidiaries with the view to resolving the disputes and settling the outstanding amounts relating to the ongoing litigation.

- The Group will take proactive measures to reduce administrative and operating costs.

The Directors have reviewed the Group's cash flow forecasts prepared by management of the Group which cover a period of not less than twelve months from the end of the reporting period. Taking into account of the plans and measures as described above, the Directors are of the opinion that the Group will have sufficient working capital to maintain its operations and to meet its financial obligations as and when they fall due for at least twelve months from the end of the reporting period. The Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, the execution of the plans and measures by the Group is in preliminary stage or in progress and no written contractual agreements or other documentary supporting evidence from the relevant bank and supplier that are available as at the date of the consolidated financial statements were approved and authorised for issue for extending the going concern assessment, material uncertainty exists as to whether the Group can (i) successfully negotiating with bank to renew banking facilities when they expire; (ii) successfully negotiating with supplier and pursuing the restructuring of the Group's subsidiaries with the view to resolving the disputes and settling the outstanding amounts relating to the ongoing litigation; and (iii) successfully implementing costs controls.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify its non-current liabilities as current liabilities with consideration of the contractual terms or to make provision for any contractual commitments that may have become onerous, where appropriate. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group.

4. REVENUE

The Group is principally engaged in investment holding, property investment and development, building management, provision of water supply and related services and financial services. Revenue for the year 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:–

	Eighteen months ended 30 June 2025 *HK$'000*	Year ended 31 December 2023 *HK$'000*
Provision of water supply and related services		
Water supply and related services income	**398,390**	286,829
Construction services of infrastructure under concession arrangement *(Note)*	**17,309**	9,283
Provision of financial services		
Interest income from securities margin financing	**2**	237
Service fee income	**23**	12
Commission and brokerage income	**175**	10
Advisory income	**85**	–
Placement income	**22**	–
Revenue from operating leases		
Rental and building management service income	**35,295**	22,776
	451,301	319,147

Note:

The amount represents revenue recognised during the construction stage of the service concession period. During the eighteen months ended 30 June 2025, no change of estimation (year ended 31 December 2023: Nil) was made when the Group finalised the construction costs with sub-contractors.

Disaggregation of revenue from contracts with customers and other sources by the timing of revenue recognition and by geographic markets is disclosed in note 7.

5. OTHER INCOME AND GAINS, NET

		Eighteen months ended 30 June 2025 HK$'000	Year ended 31 December 2023 HK$'000
(a)	Other income		
	Interest on bank deposits	**8,002**	8,063
	Interest on loans receivable	**7,604**	1,017
	Other interest income	**9,329**	–
		24,935	9,080
(b)	Other gains/(losses), net		
	Compensation loss	**(33,769)**	–
	Exchange gain/(loss), net	**15,880**	(7,218)
	Others	**2,069**	796
		(15,820)	(6,422)
Net		**9,115**	2,658

6. LOSS BEFORE INCOME TAX

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

(a) Finance costs

	Eighteen months ended 30 June 2025 HK$'000	Year ended 31 December 2023 HK$'000
Interest on bank loans	**57,654**	48,287
Less: interest capitalised included in property, plant and equipment and other intangible assets *(Note)*	**(163)**	(192)
Interest on lease liabilities	**1,319**	328
Others	**290**	174
	59,100	48,597

Note:

The capitalisation rate was 4.03% (year ended 31 December 2023: ranged from 5.21% to 5.53%).

(b) Other items

	Eighteen months ended 30 June 2025 HK$'000	Year ended 31 December 2023 HK$'000
Auditor's remuneration		
– Audit services	**1,250**	1,198
– Other services	**980**	480
	2,230	1,678
Cost of inventories recognised in profit or loss	**16,808**	5,661
Staff costs (including directors' remuneration)		
– Salaries and other benefits	**69,389**	53,509
– Pension scheme contributions	**10,665**	7,350
	80,054	60,859
Depreciation of property, plant and equipment	**54,838**	35,450
Depreciation of right-of-use assets	**8,170**	2,928
Impairment loss on goodwill	**–**	11,328
Impairment losses on non-current assets	**–**	52,009
Impairment loss on amount due from a joint venture	**13,865**	–
Impairment loss on debtors	**749**	41
Impairment loss on other receivables	**4,109**	2,542
Impairment loss on deposits paid	**5,793**	5,594
Amortisation of intangible assets	**83,158**	51,728
Amortisation of prepaid land lease premium	**815**	716
Short-term lease expenses	**333**	236
Low value lease expenses	**31**	18
Gain on disposal of property, plant and equipment	**(1)**	(1)
Rental income less direct outgoings of approximately HK$15,645,000 (year ended 31 December 2023: HK$13,250,000)	**(21,091)**	(9,278)

7. SEGMENT REPORTING

The Chief Operating Decision Maker ("**CODM**") 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 water supply business currently operates three water treatment plants, two of which source raw water from local river sources and one purchases clean water from government-designated water plant.

(b) Properties 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" refers 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, assets and liabilities 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.

Segment assets and liabilities excluded deferred tax assets, deferred tax liabilities and other corporate assets and liabilities.

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, assets and liabilities

The following tables present the information for the Group's reporting segments for the eighteen months ended 30 June 2025 and the year ended 31 December 2023:–

	Reportable Segments									
	Water supply and related services		Properties investment and development		Financial services		Others		Consolidated	
	Eighteen months ended 30 June 2025	Year ended 31 December 2023	**Eighteen months ended 30 June 2025**	Year ended 31 December 2023	**Eighteen months ended 30 June 2025**	Year ended 31 December 2023	**Eighteen months ended 30 June 2025**	Year ended 31 December 2023	**Eighteen months ended 30 June 2025**	Year ended 31 December 2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Disaggregated by timing of revenue recognition										
Point in time	**351,374**	240,697	–	–	**305**	22	**–**	–	**351,679**	240,719
Over time	**64,325**	57,382	**35,295**	20,809	**2**	237	**–**	–	**99,622**	78,428
Reportable segment revenue	**415,699**	298,079	**35,295**	20,809	**307**	259	**–**	–	**451,301**	319,147
Reportable segment (loss)/profit	**(127,953)**	(30,645)	**45,830**	(438)	**(6,885)**	(6,692)	**(49,774)**	(33,994)	**(138,782)**	(55,636)
Interest on bank deposits									**8,002**	8,063
Government subsidy									**217**	115
Changes in fair value of investment properties	**–**	–	**(40,554)**	(32,590)	**–**	–	**–**	–	**(40,554)**	(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	**(596)**	(106)	**(10,055)**	(8,071)	**–**	–	**–**	–	**(10,651)**	(8,177)
Impairment loss on amount due from a joint venture	**–**	–	**(13,865)**	–	**–**	–	**–**	–	**(13,865)**	–
Share of loss of a joint venture									**(7,328)**	(5,300)
Finance costs									**(59,100)**	(48,597)
Loss before income tax									**(262,061)**	(205,459)
Income tax credit									**2,677**	12,750
Loss for the period/year									**(259,384)**	(192,709)
Attributable to:										
– Shareholders of the Company									**(161,361)**	(137,336)
– Non-controlling interests									**(98,023)**	(55,373)
									(259,384)	(192,709)

	Reportable Segments									
	Water supply and related services		Properties investment and development		Financial services		Others		Consolidated	
	Eighteen months ended 30 June 2025	Year ended 31 December 2023	**Eighteen months ended 30 June 2025**	Year ended 31 December 2023	**Eighteen months ended 30 June 2025**	Year ended 31 December 2023	**Eighteen months ended 30 June 2025**	Year ended 31 December 2023	**Eighteen months ended 30 June 2025**	Year ended 31 December 2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation for the period/year	**53,423**	34,754	**1,404**	775	**125**	49	**427**	2,800	**55,379**	38,378
Amortisation	**83,058**	52,123	**100**	321	**–**	–	**–**	–	**83,158**	52,444
Capital expenditure incurred during the period/year	**41,258**	22,665	**228**	108	**6**	–	**235**	64	**41,727**	22,837
Interest in a joint venture	**–**	–	**210,269**	232,095	**–**	–	**–**	–	**210,269**	232,095
Reportable segment assets	**477,528**	542,363	**1,205,345**	1,181,720	**21,159**	29,541	**162,610**	276,385	**1,866,642**	2,030,009
Unallocated assets									**36,496**	12,373
Total assets									**1,903,138**	2,042,382
Reportable segment liabilities	**1,162,696**	974,764	**363,214**	397,709	**4,002**	3,518	**15,728**	19,005	**1,545,640**	1,394,996
Unallocated liabilities									**27,707**	33,873
Total liabilities									**1,573,347**	1,428,869

There was no revenue arising from transactions with any customers which was individually more than 10 percent of the Group's revenue in the eighteen months ended 30 June 2025 and the year ended 31 December 2023.

(b) **Geographical information**

	PRC		Hong Kong/overseas		Consolidated	
	Eighteen months ended 30 June 2025	Year ended 31 December 2023	**Eighteen months ended 30 June 2025**	Year ended 31 December 2023	**Eighteen months ended 30 June 2025**	Year ended 31 December 2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue	**450,994**	318,888	**307**	259	**451,301**	319,147

	At 30 June 2025	At 31 December 2023	**At 30 June 2025**	At 31 December 2023	**At 30 June 2025**	At 31 December 2023
Non-current assets	**1,352,454**	1,494,394	**4,953**	10,319	**1,357,407**	1,504,713

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets (excluding deferred tax assets) is based on the physical location of the assets, in the case of property, plant and equipment, investment properties, right-of-use assets and prepaid land lease premium, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operation, in the case of interest in a joint venture, deposits paid and statutory deposits for financial service business.

8. INCOME TAX CREDIT

(a) No provision for Hong Kong Profits Tax and Australia Corporate Income Tax have been provided as the Company and its subsidiaries operating in Hong Kong and Australia have no estimated assessable profits for period/year.

The Company's subsidiaries operating in the PRC are subject to Enterprise Income Tax at 25% for the period ended 30 June 2025 (year ended 31 December 2023: 25%).

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

	Eighteen months ended 30 June 2025	Year ended 31 December 2023
	HK$'000	*HK$'000*
Current tax:		
Current period/year	**6,168**	4,472
Under-provision in respect of previous years	**20,050**	–
	26,218	4,472
Deferred taxation	**(28,895)**	(17,222)
	(2,677)	(12,750)

9. LOSS PER SHARE

The calculation of basic and diluted loss per share for the period/year is based on the following data:–

	Eighteen months ended 30 June 2025	Year ended 31 December 2023
	HK$'000	*HK$'000*
Loss		
Loss for the period/year attributable to shareholders of the Company	**(161,360)**	(137,336)

	Eighteen months ended 30 June 2025	Year ended 31 December 2023
Number of shares:		
Weighted average number of ordinary shares in issue for the purpose of calculation of basic 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 eighteen months ended 30 June 2025 and years ended 31 December 2023 as there was no dilutive potential ordinary share in issue.

10. DEBTORS

	At 30 June 2025	At 31 December 2023
	HK$'000	*HK$'000*
Trade debtors arising from water supply and related services and rental receivables	**44,136**	36,988
Less: loss allowance	**(3,321)**	(2,562)
	40,815	34,426
Trade receivables arising from the ordinary course of business of dealing in securities		
Hong Kong Securities Clearing Company ("**HKSCC**")	**–**	12
Cash clients	**76**	76
	76	88
Less: loss allowance	**(42)**	(42)
	34	46
	40,849	34,472

11. TRADE PAYABLES

	At 30 June 2025 HK$'000	At 31 December 2023 HK$'000
Trade payables arising from water supply and related services	**496,424**	347,183
Trade payables arising from the ordinary course of business of dealing in securities		
Cash clients	**3,207**	2,873
Margin clients	**541**	387
	500,172	350,443

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

	At 30 June 2025 HK$'000	At 31 December 2023 HK$'000
0 – 12 months	**126,705**	117,280
Over one year	**369,719**	229,903
	496,424	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 Company, 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.

12. DIVIDENDS

The directors of the Company do not recommend or declare the payment of any dividend in respect of the eighteen months ended 30 June 2025 (year ended 31 December 2023: Nil).

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been audited by the Group's auditor, McMillan Woods (Hong Kong) CPA Limited. The auditor has issued a disclaimer of opinion on the Group's consolidated financial statements for the 18 months ended 30 June 2025. An extract of the independent auditor's report is set out below.

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Scope limitation relating to the assessment on the appropriateness of the going concern basis of accounting

As disclosed in Note 3(c) to the consolidated financial statements, the Group incurred a gross loss and a net loss of approximately HK$26,763,000 and HK$259,384,000 for the 18 months ended 30 June 2025 and, as of that date, the Group's net current liabilities amounted to approximately HK$362,769,000 while its cash and bank balance, fixed deposits and pledged time deposits amounted to approximately HK$168,873,000, HK$59,067,000 and HK$82,084,000 respectively. In addition, as at 30 June 2025: (i) the Group had trade payables of approximately HK$500,172,000, included in trade payables with carrying amounts of approximately HK$123,135,000 in respect of which the Group has failed to repay the overdue balance and legal actions were commenced against the Group for the estimated balances of approximately HK$362,844,000 and (ii) included in deposits received, other payables and accruals with carrying amounts of approximately HK$34,232,000 was compensation payable as a result of civil judgments from the Intermediate People's Court of Qingyuan, Guangdong Province, regarding previous disputes in cost of water supply. These events and conditions, together with other matters disclosed in Note 3(c) to the consolidated financial statements of the Group, cast significant doubts on the Group's ability to continue as a going concern.

The Group has been undertaking plans and measures to continue mitigating its liquidity position and to improve its financial position, details of which are set out in Note 3(c) to the consolidated financial statements of the Group. The directors of the Company have reviewed the Group's cash flow forecasts prepared by the management of the Group which cover a period of not less than twelve months from the end of the reporting period, and continued to adopt the going concern basis of accounting in preparing the consolidated financial statements of the Group. The validity of the going concern assumptions on which the consolidated financial statements of the Group have been prepared depends on the outcome of these plans and measures, including: (i) successfully negotiating with bank to renew banking facilities when they expire; (ii) successfully negotiating with supplier and pursuing the restructuring of the Group's subsidiaries with the view to resolving the disputes and settling the outstanding amounts relating to the ongoing litigation; and (iii) successfully implementing costs controls.

Given the execution of the plans and measures by the Group is in preliminary stage or in progress and no written contractual agreements or other documentary supporting evidence from the supplier that are available as at the date of the consolidated financial statements were approved and authorised for issue for extending the going concern assessment, we are unable to obtain sufficient appropriate audit evidence we considered necessary to assess the assumptions and estimations underlying the cash flow forecasts and the likelihood of success of the plans and measures currently undertaken by the Group. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves that the appropriateness of the directors' use of the going concern basis of accounting and adequacy of the related disclosures in the consolidated financial statements of the Group.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify its non-current liabilities as current liabilities with consideration of the contractual terms or to make provision for any contractual commitments that may have become onerous, where appropriate. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion with an emphasis of matter paragraph relating to material uncertainties related to going concern on those statements on 28 March 2024.

THE VIEW OF THE MANAGEMENT OF THE COMPANY, THE BOARD, AND THE AUDIT COMMITTEE OF THE BOARD ON THE AUDITORS' OPINION

The members of the Audit Committee had critically reviewed the disclaimer of opinion, and the management's position, view and assessment concerning the disclaimer. The Audit Committee had also discussed with the Auditor regarding the financial position of the Group, measures taken and to be taken by the Group, and considered the Auditor's rationale and understood their consideration in arriving its opinion. After careful deliberation, the Audit Committee agreed with the management's position. The Audit Committee requested the management to do its best to implement the proposed measures with the view to addressing the effect on the disclaimer and (barring unforeseen circumstances) having the disclaimer removed in the audited financial statements for the year ending 30 June 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

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

During the eighteen months ended 30 June 2025, the Group recorded a revenue of approximately HK$451,301,000 (Year ended 31 December 2023 ("**Year 2023**"): approximately HK$319,147,000), representing an increase of approximately 41.41% or HK$132,154,000. The increase in revenue was mainly due to the increase in revenue of the Group's water supply business and rental income from the Group's commercial properties in China. The net loss attributable to shareholders of the Company for the eighteen months ended 30 June 2025 was approximately HK$161,360,000 (Year 2023: approximately HK$137,336,000), representing an increase of HK$24,024,000 as compared to the last fiscal year. The increase in loss was mainly due to the increase in provision of cost of sales of the Group's water supply and related business and the increases in the operating costs and administrative expenses.

Cost of revenue

During the eighteen months ended 30 June 2025, the Group recorded a cost of revenue in the amount of approximately HK$478,064,000, representing an increase of approximately HK$176,688,000 as compared to the last fiscal year. The increase in cost of sales/services rendered was mainly attributable to the increase in provision of cost of sales/services rendered of the Group's businesses of water supply and related services and property investment and development business.

Impairment loss on goodwill

During the eighteen months ended 30 June 2025, the Group recorded an impairment loss on goodwill of approximately HK$Nil, representing a decrease of approximately HK$11,328,000 as compared with the last fiscal year. The decrease was mainly attributable to the Group's financial services business.

Impairment losses on non-current assets

During the eighteen months ended 30 June 2025, the Group recorded impairment losses on non-current assets of Nil, representing a decrease of HK$52,009,000 as compared with the last fiscal year. The decrease was mainly attributable to the Group's water supply and related business.

Net impairment loss on deposits and receivables

During the eighteen months ended 30 June 2025, the Group recorded a net impairment loss on deposits and receivables of HK$10,651,000, representing an increase of HK$2,474,000 as compared with the last fiscal year. The increase in net impairment loss was primarily due to the impairment loss recognised on the loans receivable from independent third parties and deposits paid during the period.

Other income and gains, net

Other income and gains, net consist of interest income on bank deposits, exchange losses and other miscellaneous income.

During the eighteen months ended 30 June 2025, the Group recorded other income and gains, net of HK$9,115,000, representing an increase of HK$6,457,000 as compared with the last fiscal year. The increase was mainly due to an increase in the interest income from banks and independent third parties.

Changes in fair value of investment properties

During the eighteen months ended 30 June 2025, the Group recorded a fair value loss of HK$40,554,000 on investment properties, representing an increase of HK$7,964,000 as compared with the last fiscal year. The fair value of investment properties was affected by the economy and properties market of the PRC.

General and administrative expenses

During the eighteen months ended 30 June 2025, the Group recorded general and administrative expenses of HK$112,915,000, representing an increase of 66.33% as compared with the last fiscal year. During the current fiscal period, general and administrative expenses increased in terms of staff costs, exchange loss and other expenses.

Share of loss of a joint venture

During the eighteen months ended 30 June 2025, the Group recorded a share of loss of a joint venture of HK$7,328,000, representing an increase of HK$2,028,000 as compared with the last fiscal year. It was mainly attributable to the loss from a joint venture during the current fiscal period.

Finance costs

During the eighteen months ended 30 June 2025, the Group recorded finance costs of HK$59,100,000, representing an increase of 21.61% as compared with the last fiscal year, which was principally due to the the increase in interest rate on bank loans of the Group.

Income tax credit

During the eighteen months ended 30 June 2025, the Group recorded an income tax credit of HK$2,677,000, representing a decrease of 79.00% as compared with the last fiscal year. It was mainly due to increase in taxable income of the Group’s water supply and related business during the period.

Property, plant and equipment

The Group's property, plant and equipment decreased by HK$39,584,000 from HK$331,859,000 as at 31 December 2023 to HK$292,275,000 as at 30 June 2025. The decrease was mainly due to (i) impairment loss on property, plant and equipment of the Group's water supply and related business; and (ii) the decrease in the Group's RMB-denominated assets resulted from the depreciation of RMB against the functional currency of the Group during the current fiscal period.

Investment properties

The Group's investment properties decreased by HK$40,767,000 from HK$603,127,000 as at 31 December 2023 to HK$562,360,000 as at 30 June 2025. It was mainly attributable to (i) impairment loss on investment properties of the properties investment and development business; and (ii) the decrease in the Group's RMB-denominated assets resulted from the depreciation of RMB against the functional currency of the Group during the current fiscal period.

Right-of-use assets

The Group's right-of-use assets increased by HK$27,135,000 from HK$28,704,000 as at 31 December 2023 to HK$55,839,000 as at 30 June 2025. The increase was mainly due to the entering into of a new lease agreement in Hong Kong during the current fiscal period.

Interest in a joint venture

The Group's interest in a joint venture decreased by HK$21,403,000 from HK$232,095,000 as at 31 December 2023 to HK$210,692,000 as at 30 June 2025. It was mainly attributable to the loss from a joint venture during the current fiscal period.

Intangible assets

The Group's intangible assets decreased by HK$66,876,000 from HK$122,340,000 as at 31 December 2023 to HK$55,464,000 as at 30 June 2025. The decrease was mainly due to the amortisation for the current fiscal period.

Deposit paid for acquisition of a subsidiary

The Group's deposit paid for acquisition of a subsidiary decreased by HK$834,000 from HK$26,602,000 as at 31 December 2023 to HK$25,768,000 as at 30 June 2025. The decrease was attributable to the loss allowance on the deposit paid for acquisition of a subsidiary of HK$795,000 being recognised during the current fiscal period.

Deposit paid for acquisition of investment properties

The Group's deposit paid for acquisition of investment properties decreased by HK$4,977,000 from HK$159,586,000 as at 31 December 2023 to HK$154,609,000 as at 30 June 2025. The decrease was attributable to the payment of refundable earnest money for the possible acquisition of property interests in the PRC during the year as more particularly set out in the section headed "Significant investments, acquisitions and disposals" of this announcement.

Inventories

The Group's inventories decreased by HK$1,731,000 from HK$5,627,000 as at 31 December 2023 to HK$3,896,000 as at 30 June 2025. The decrease was mainly due to reclassification of certain inventories to properties under development for the current fiscal period.

Properties under development

The Group's properties under development increased by HK$8,314,000 from HK$13,549,000 as at 31 December 2023 to HK$21,863,000 as at 30 June 2025. The increase was attributable to the reclassification of overseas properties under development from inventories during the current fiscal period.

Debtors

The Group's debtors increased by HK$6,377,000 or 18.50% from HK$34,472,000 as at 31 December 2023 to HK$40,849,000 as at 30 June 2025. The increase in debtors was attributable to the increase in revenue for water supply and related business for the current fiscal period.

Deposits, prepayments and other receivables

Deposits, prepayments and other receivables consist of utilities and other deposits, prepayments, interest receivable, other tax receivables of water supply business and other receivables from independent third parties.

The Group's deposits, prepayments and other receivables increased by HK$27,890,000 from HK$100,962,000 as at 31 December 2023 to HK$128,852,000 as at 30 June 2025. The increase was attributable to the loan receivables from independent third parties for water supply business. These receivables are unsecured and interest-bearing at 5.9% per annum.

Cash and bank balances and fixed deposits

The Group's cash and bank balances and fixed deposits increased by HK$2,025,000 from HK$229,666,000 as at 31 December 2023 to HK$231,691,000 as at 30 June 2025. As at 30 June 2025, 84% (31 December 2023: 68%) of cash and bank balances was denominated in RMB. The Group's cash and bank balance has been frozen by HK$108,788,000 as a result of the litigation.

Pledged time deposit

The Group's pledged time deposit decreased by HK$58,936,000 from HK$141,020,000 as at 31 December 2023 to HK$82,084,000 as at 30 June 2025. The pledged time deposit was denominated in RMB and was used to guarantee the Group's bank loan. The decrease in pledged time deposit was due to the repayment of bank loan during the current fiscal period.

Bank borrowings

The Group's bank borrowings decreased by HK$124,437,000 from HK$866,798,000 as at 31 December 2023 to HK$742,361,000 as at 30 June 2025. The decrease was mainly attributable to the repayment of bank loans during the current fiscal period.

Trade payables

The Group's trade payables increased by HK$149,729,000 from HK$350,443,000 as at 31 December 2023 to HK$500,172,000 as at 30 June 2025. The increase in trade payables was due to increase in provision of costs of water supply pending the resolution of disputes and litigations as more particularly set out in the section headed "Litigation" of this announcement.

Payable to merchants

The Group's payable to merchants as at 30 June 2025 amounted to approximately HK$3,006,000, which is similar to the figure as at 31 December 2023.

Deposits received, other payables and accruals

Deposits received, other payables and accruals consist of rental and other deposits received, accruals, construction fee payable, other tax payable and amount due to independent third parties of the water supply business. These amounts are unsecured and interest free.

The Group's deposits received, other payables and accruals increased by HK$81,669,000 from HK$154,217,000 as at 31 December 2023 to HK$235,886,000 as at 30 June 2025. The increase was mainly attributable to the increase in construction fee payable resulted from the undertaking of more construction projects by the Group's water supply business during the current fiscal period.

Contract liabilities

The Group's contract liabilities increased by HK$10,845,000 from HK$14,101,000 as at 31 December 2023 to HK$24,946,000 as at 30 June 2025. The increase was mainly due to the increase in contract income of the Group's water supply and related business for the current fiscal period.

Lease liabilities

The Group's lease liabilities increased by HK$32,882,000 from HK$6,387,000 as at 31 December 2023 to HK$39,269,000 as at 30 June 2025. The increase was in line with the increase in right-of-use assets as a result of the entering into of new lease agreement.

Amount due to a related company

The Group's amount due to a related company decreased by HK$44,000 from HK$44,000 as at 31 December 2023 to HK$Nil as at 30 June 2025. The decrease was mainly attributable to the settlement to related companies on the amount due.

Tax payable

The Group's tax payable decreased by HK$1,082,000 from HK$3,879,000 as at 31 December 2023 to HK$2,797,000 as at 30 June 2025. The decrease was in line with the turning from income tax expense for the last year to income tax credit for the current fiscal period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, the Group had net current liabilities of HK$362,769,000. Current assets comprised properties under development of HK$21,863,000, inventories of HK$3,896,000, debtors of HK$40,849,000, deposits, prepayments and other receivables of HK$128,852,000, fixed deposits of HK$59,067,000, pledged time deposit of HK$82,084,000 and cash and bank balances of HK$172,624,000.

Current liabilities comprised bank borrowings of HK$96,901,000, trade payables of HK$500,172,000, payable to merchants of HK$3,006,000, deposits received, other payable and accruals of HK$235,886,000, contract liabilities of HK$24,946,000, lease liabilities of HK$8,296,000 and tax payable of HK$2,797,000.

The gearing ratio, which is defined as a percentage of the total liabilities (excluding deferred tax liabilities) over the total assets (excluding deferred tax assets), of the Group as at 30 June 2025 was 83% (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.

BUSINESS REVIEW AND PROSPECTS

Business Review

For the eighteen months ended 30 June 2025 (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$451,301,000 (Year ended 31 December 2023 ("**Year 2023**"): approximately HK$319,147,000), representing an increase of 41.41% or approximately HK$132,154,000. 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$415,699,000, representing an increase of 39.46% or approximately HK$117,620,000 as compared with the revenue of approximately HK$298,079,000 for the last fiscal 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 eighteen months ended 30 June 2025, the property investment and development segment of the Group recorded a revenue of approximately HK$35,295,000 (Year 2023: approximately HK$20,809,000), representing an increase of approximately HK$14,486,000. 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.

The financial services business of the Group mainly comprises the provision of corporate finance advisory, asset management, margin financing and stockbroking services. For the eighteen months ended 30 June 2025, the financial services segment of the Group recorded revenue of approximately HK$307,000 (Year 2023: approximately HK$259,000), representing a decrease of approximately HK$48,000 or 18.53%. 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.

For the eighteen months ended 30 June 2025, the Group recorded a net loss attributable to shareholders of the Company of approximately HK$161,360,000 (Year 2023: approximately HK$137,336,000), representing an increase of approximately HK$24,024,000 or 17.49% as compared with Year 2023. The increase in loss for the Period for the Group was mainly due to the increase in provision for cost of sales for the Group's water supply and related business and the increase in operating costs and administrative expenses.

During the Period, the Group was committed to achieving sustainable development by enhancing its competitiveness in the market while maintaining good corporate governance standards and procedures, effective management systems and allocation of resources, with a view to improving its competitiveness and maximizing the value of investment for its shareholders. The Group 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 providing training and career paths for employees to develop their potentials, skills and sense of belonging, as well as providing incentive programs to motivate and retain talents, so as to promote the long-term operation and development of the Group.

PROSPECTS

Looking ahead, it is expected that the global economic growth will continue to face challenges in 2025. In order to cope with the ever-changing external environment amidst the uncertainties in the global economy, the Group will closely monitor the situation, maintain a cautious approach as well as regularly evaluate its business strategies. We will strengthen risk management, implement cost control measures, seek external financing and consider the possibility of asset disposals with the view to alleviating the liquidity and improving the Group's operational and financial position. In addition, the Group will continue to focus on its property investment and development business, which provides a stable source of income for the Group. In the meantime, the Group will strive to explore promising property projects in the PRC and overseas and identify potential and new businesses and investment opportunities to enhance its market competitiveness, spread its risks and expand its revenue sources, so as to diversify the Group's business, strengthen its core business and achieve sustainable growth.

EMPLOYEES

As at 30 June 2025, the total number of employees of the Group was 412 (2023: 412). The remuneration of the employees (including directors) were determined according to their performance and work experience. In addition to basic salaries, discretionary bonus, award shares and share options may be granted to eligible employee 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 Company would like to thank its staff for their continual dedication and contribution.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

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

On 1 August 2025, Shenzhen Huanye Universal Technologies Co., Ltd. ("**Huanye**"), an indirect wholly-owned subsidiary of the Company entered into a framework agreement (the "**Framework Agreement**") with Guangzhou Jincheng Real Estate Development Co., Ltd. ("**Jincheng**"), pursuant to which Huanye (or another subsidiary of the Company as Huanye may nominate) proposed to acquire the retail and commercial properties with gross floor area of approximately 8,900 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, which is situated at Nos. 4 and 6 Nonglinxia Road, Yuexiu District, Guangzhou, the PRC (the "**Premises**") for the indicative consideration (subject to contract) of not more than RMB260 million (HK$285.71 million), which is intended to be settled by cash, promissory notes, equity, convertible securities or a combination of them. Under the terms of the Framework Agreement, Huanye shall pay to Jincheng (or as Jincheng shall instruct) a refundable earnest money of RMB100 million (HK$109.89 million) (the "**Earnest Money**") on the signing of the Framework Agreement. Details of the Framework Agreement were set out in the Company's announcement dated 1 August 2025.

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 a lease agreement (the "**Lease Agreement**") in respect of the leasing of 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.

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.

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. ("**Zhaoyu**") and Qingyuan Xuhong Industrial Co., Ltd. ("**Xuhong**"), 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 Xuhong (or a newly established holding company for the target properties situated at 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 Zhaoyu (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.

Save as disclosed in this announcement, the Group did not have any other significant investments, acquisitions and disposals for the eighteen months ended 30 June 2025.

CHARGES ON GROUP'S ASSETS

The Group's bank loans at 30 June 2025 were secured by:

i. charges over a time deposit amounting to USD10,570,000 (equivalent to approximately HK$82,084,000);

ii. charges over a land use right under service concession arrangement with aggregate carrying amounts of RMB396,000 (equivalent to approximately HK$434,000);

iii. charges over the investment properties with carrying amounts of RMB472,000,000 (equivalent to approximately HK$508,300,000);

iv. pledge of trade receivables with a carrying amount of RMB36,971,000 (equivalent to approximately HK$40,513,000);

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, Ms. Zhu Fenglian and her spouse; and

x. guarantee by the non-controlling shareholders of subsidiaries and business associate.

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$41,727,000 as at 30 June 2025.

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 detailed above, there was no other future plan for material investments or capital assets for the eighteen months ended 30 June 2025. 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 said possible acquisitions, the Company would consider settling the acquisition consideration partly or fully by debt or equity. Up to the date of this announcement, no legally binding agreement has been entered into in respect of any of the said acquisitions. Further announcement(s) will be made as and when any disclosure obligation is triggered by material development of these acquisitions.

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 Renminbi and Hong Kong dollar ("**HK$**"). There are no significant assets and liabilities denominated in other currencies. During the eighteen months ended 30 June 2025, the Group did not enter into any arrangements to hedge its foreign currency exposure. Any material fluctuation in the exchange rates of HK$ 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 COMMITMENTS

As at 30 June 2025, the Group had capital commitments contracted but not provided for in the amount of approximately HK$12,386,000 (2023: approximately HK$14,968,000) comprising acquisition of property, plant and equipment which being in connection with the capital expenditures of the Group's water supply and related business.

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.

DISCLOSURE OF CHANGES IN DIRECTOR'S 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 subsequent to the date of the 2023 Annual Report are as follows:

1. Mr. Xuan Zhensheng, previously a non-executive Director of the Company, (i) was redesignated 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 (i) ceased to be 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.

4. Mr. David Tsoi ceased to be a director of Tianli Holdings Group Limited (stock code: 117) with effect from 31 January 2025, resigned as a director of Investech Holdings Limited (stock code: 1087) with effect from 3 April 2025, and retired as a director of Green International Holdings Limited (stock code: 2700) with effect from 26 June 2025.

5. Ms. Zhu Fenglian, an executive Director, has been appointed as a member of the nomination committee of the Company with effect from 1 July 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:

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 Qingyuan Water Supply Development Company Limited ("**WSD Company**") (a subsidiary of the Group) and the commencement of full water intake from another water plant designated by Qingyuan Government (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, RMB40,561,779 and RMB77,039,424 (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. As of 30 June 2025, the carrying amount of the liability for water charges was RMB143,609,589. 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.

DIVIDENDS

No dividend was paid or proposed during the eighteen months ended 30 June 2025 (2023: Nil).

CLOSURE OF REGISTER OF MEMBERS

The Company will give further notice of the forthcoming annual general meeting of the Company, which is currently expected to be held on or before 31 December 2025, and the relevant book close arrangements for the purposes of determining the eligibility to attend and vote at the Annual General Meeting.

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

During the 18 months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company and the Board are devoted to achieve and maintain the highest standards of corporate governance and have adopted the principles of the corporate governance practices of the Listing Rules in the construction of its corporate governance practices. The Board believes that effective corporate governance practices are fundamental to enhancing shareholder value and safeguarding interests of the shareholders and other stakeholders of the Company. Accordingly, the Company has adopted sound corporate governance principles that emphasize on a quality Board, effective internal controls, stringent disclosure practices and transparency and accountability to all stakeholders of the Company. A full description of the Company's corporate governance will be set out in the section headed "Corporate Governance" contained in the 2025 annual report.

The Company has applied the principles and provisions as set out in the Code on Corporate Governance Practices as set out in Appendix C1 of the Listing Rules (the "**CG Code**"). The Company has complied with the applicable Code Provisions of the CG Code save for the deviation mentioned below:

During the Year, 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 Code Provision C.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.

MODEL CODE FOR 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 the Company's directors, the directors have complied with the required standard set out in the Model Code throughout the eighteen months ended 30 June 2025.

AUDIT COMMITTEE

The Company established the audit committee of the Board (the "**Audit Committee**" or the "**AC**") in October 2001. The Board has confirmed that the terms of reference of the Audit Committee 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. No former partner of the Company's existing auditing firm acted as a member of the Audit Committee within two years from ceasing to be a partner or having any financial interest in the auditing firm.

The Audit Committee has reviewed the Group's audited financial statements for the eighteen months ended 30 June 2025, which is of the opinion that such statements comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made. The Audit Committee has also reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal controls, risk management and financial reporting matters.

CHANGE OF AUDITOR

PKF Hong Kong Limited ("**PKF**") resigned as the auditor of the Group with effect from 25 July 2025. Following the recommendation from the Audit Committee, the Board resolved to appoint McMillan Woods (Hong Kong) CPA Limited ("**McMillan Woods**") as the new auditor of the Group with effect from 25 July 2025 to fill the casual vacancy following the resignation of PKF and to hold office until (and be subject to re-appointment by the Shareholders at) the next annual general meeting of the Company.

SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the eighteen months ended 30 June 2025 have been agreed by the Group's auditor, McMillan Woods, to the amounts set out in the Group's audited consolidated financial statements for the eighteen months ended 30 June 2025. The work performed by McMillan Woods in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by McMillan Woods on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This audited annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk) and the Company (http://www.uth.com.hk). The annual report of the Company for the 18 months ended 30 June 2025 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company on or before 31 October 2025.

By Order of the Board
UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED
Chen Jinyang
Chairman and Chief Executive Officer

Hong Kong, 30 September 2025

As at the date of this announcement, 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.