



TECHNOLOGIES UNIVERSAL

Universal Technologies Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1026

INTERIM REPORT 2021



Contents

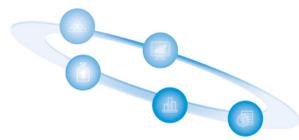
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Highlights

- Revenue for the six months ended 30 June 2021 amounted to approximately HK\$173.25 million (six months ended 30 June 2020: approximately HK\$141.22 million), representing an increase of HK\$32.03 million or 23% as compared to the corresponding period last year. Such increase was mainly due to an increase in revenue of the Group's water supply business.
- Net loss attributable to shareholders of the Company for the six months ended 30 June 2021 amounted to approximately HK\$25.14 million (six months ended 30 June 2020: approximately HK\$9.16 million), representing an increase by approximately HK\$15.98 million as compared to the corresponding period last year, mainly due to (i) the increase in finance costs of the Group's businesses of water supply services and properties investment and development; and (ii) the recognition of deferred tax credit for provision of cost of sales of the Group's water supply and related business for the six months ended 30 June 2020 while no similar deferred tax credit was recognised by the Group for the six months ended 30 June 2021.
- Basic and diluted loss per share for the six months ended 30 June 2021 amounted to HK0.46 cent and HK0.46 cent, respectively (six months ended 30 June 2020: basic and diluted loss per share amounted to HK0.17 cent and HK0.17 cent, respectively).
- The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).



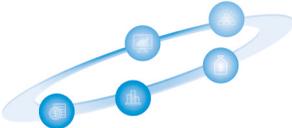
Interim Results

The Board of Directors (the “**Board**”) of Universal Technologies Holdings Limited (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021 together with the comparative figures for the corresponding period last year as follows:

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

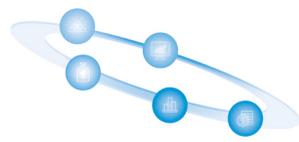
	Note	Six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue	3	173,249	141,215
Cost of sales/services rendered		(149,867)	(124,828)
Gross profit		23,382	16,387
Other income and gains	4	1,091	7,954
General and administrative expenses		(32,456)	(29,099)
Share of loss of a joint venture		(81)	(53)
Loss from operations		(8,064)	(4,811)
Finance costs		(24,956)	(15,921)
Loss before income tax	5	(33,020)	(20,732)
Income tax (expense)/credit	7	(9,373)	4,630
Loss for the period		(42,393)	(16,102)



Condensed Consolidated Statement of Profit or Loss (continued)

For the six months ended 30 June 2021

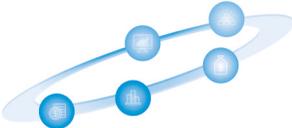
	Note	Six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Attributable to:-			
Shareholders of the Company		(25,142)	(9,157)
Non-controlling interests		(17,251)	(6,945)
		(42,393)	(16,102)
Loss per share (in cents)			
– Basic	8	(0.46)	(0.17)
– Diluted	8	(0.46)	(0.17)



Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Note	Six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Loss for the period		(42,393)	(16,102)
Other comprehensive income/(loss): – Item that may be reclassified subsequently to profit or loss: – Exchange differences arising on translation of financial statements of overseas subsidiaries		14,229	(17,140)
Other comprehensive income/(loss) for the period, net of income tax		14,229	(17,140)
Total comprehensive loss for the period		(28,164)	(33,242)
Total comprehensive loss attributable to: – Shareholders of the Company		(13,864)	(24,097)
Non-controlling interests		(14,300)	(9,145)
		(28,164)	(33,242)



Condensed Consolidated Statement of Financial Position

At 30 June 2021

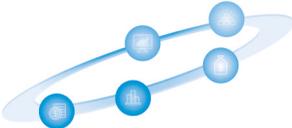
		At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	9	448,405	446,589
Prepaid land lease premium	10	25,835	25,996
Investment properties	11	695,142	686,103
Right-of-use assets		4,160	5,605
Interest in a joint venture		263,131	259,789
Intangible assets		273,153	294,892
Goodwill		–	–
Deferred tax assets		2,047	2,047
		1,711,873	1,721,021
CURRENT ASSETS			
Inventories		14,390	16,085
Debtors	12	53,262	47,787
Deposits, prepayments and other receivables	13	10,724	9,712
Fixed deposits		146,839	143,614
Cash and bank balances		648,109	999,061
		873,324	1,216,259



Condensed Consolidated Statement of Financial Position (continued)

At 30 June 2021

		At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
	Note		
DEDUCT:-			
CURRENT LIABILITIES			
Bank and other borrowings	18	55,304	40,362
Trade payables	14	130,300	121,862
Payable to merchants	15	3,011	3,011
Deposits received, sundry creditors and accruals	16	101,016	113,274
Contract liabilities		11,671	25,981
Lease liabilities		2,624	2,728
Amount due to a related company	17	48	47
Tax liabilities		11,838	11,967
		315,812	319,232
NET CURRENT ASSETS		557,512	897,027
TOTAL ASSETS LESS CURRENT LIABILITIES		2,269,385	2,618,048
DEDUCT:-			
NON-CURRENT LIABILITIES			
Bank and other borrowings	18	891,950	1,202,459
Lease liabilities		1,610	2,896
Deferred tax liabilities		52,618	52,161
		946,178	1,257,516
NET ASSETS		1,323,207	1,360,532



Condensed Consolidated Statement of Financial Position (continued)

At 30 June 2021

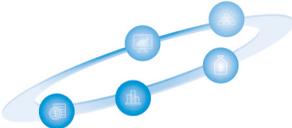
		At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
REPRESENTING: – CAPITAL AND RESERVES			
Share capital	19	55,130	55,130
Reserves		1,070,922	1,091,009
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		1,126,052	1,146,139
NON-CONTROLLING INTERESTS		197,155	214,393
TOTAL EQUITY		1,323,207	1,360,532



Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	6,778	16,784
NET CASH USED IN INVESTING ACTIVITIES	(16,987)	(305,125)
NET CASH USED IN FINANCING ACTIVITIES	(348,690)	(50,175)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(358,899)	(338,516)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	11,172	(6,319)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	1,142,675	733,461
CASH AND CASH EQUIVALENTS AT 30 JUNE	794,948	388,626
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	648,109	245,695
Fixed deposits	146,839	142,931
	794,948	388,626



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to shareholders of the Company												
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Special reserve	Exchange reserve	Share options reserve	Shares held under share award scheme	Statutory reserve	Accumulated losses	Sub total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020 (audited)	55,128	1,247,414	481	1,093	10,754	12,930	-	-	21,644	(220,059)	1,129,385	198,348	1,327,733
Share-based payments	-	-	-	-	-	-	3	-	-	-	3	-	3
Shares issued under share option scheme	2	39	-	-	-	-	(3)	-	-	-	38	-	38
Disposal of a subsidiary	-	-	-	-	-	65	-	-	-	-	65	(1,345)	(1,280)
Dividend paid to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(12,944)	(12,944)
Total comprehensive loss for the period	-	-	-	-	-	(14,940)	-	-	-	(9,157)	(24,097)	(9,145)	(33,242)
Transferred to statutory reserve	-	-	-	-	-	-	-	-	235	(235)	-	-	-
At 30 June 2020 (unaudited)	55,130	1,247,453	481	1,093	10,754	(1,945)	-	-	21,879	(229,451)	1,105,394	174,914	1,280,308
At 1 January 2021 (audited)	55,130	1,247,453	481	1,093	10,754	65,980	-	-	25,237	(259,989)	1,146,139	214,393	1,360,532
Purchases of shares for share award scheme (note)	-	-	-	-	-	-	-	(6,223)	-	-	(6,223)	-	(6,223)
Dividend paid to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(2,938)	(2,938)
Total comprehensive loss for the period	-	-	-	-	-	11,278	-	-	-	(25,142)	(13,864)	(14,300)	(28,164)
Transferred to statutory reserve	-	-	-	-	-	-	-	-	279	(279)	-	-	-
At 30 June 2021 (unaudited)	55,130	1,247,453	481	1,093	10,754	77,258	-	(6,223)	25,516	(285,410)	1,126,052	197,155	1,323,207

Note: During the six months ended 30 June 2021, 17,610,000 (year ended 31 December 2020: nil) shares were purchased from the open market at the aggregate consideration of HK\$6,223,000 pursuant to the share award scheme adopted by the Company on 15 January 2021.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

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.

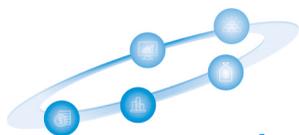
The principal activity of the Company during the period was investment holding. Its subsidiaries are principally engaged in investment holding, property investment and development, building management and water supply and related services.

2. BASIS OF PREPARATION

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 16 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 interim financial report is unaudited, but has been reviewed by the Group’s audit committee. It has also been reviewed by PKF Hong Kong Limited, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

2. BASIS OF PREPARATION (CONTINUED)

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, 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 2021 for the preparation of the Group's unaudited condensed consolidated financial statements:

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

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 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 six months ended 30 June 2021

3. REVENUE

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

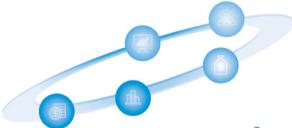
	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers		
Water supply and related services income	153,013	123,521
Construction services of infrastructure under concession arrangement (note)	–	(1,135)
Revenue from other sources		
Rental and building management service income	20,236	18,829
	173,249	141,215

Note: The amount represents revenue recognised during the construction stage of the service concession period. During the six months ended 30 June 2021, there were no changes of estimation (six months ended 30 June 2020: changes of estimation of HK\$4,703,000) 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 6.

4. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income on bank deposits	845	2,051
Gain on disposal of a subsidiary (Note 20)	–	4,584
Sundry income	246	1,319
	1,091	7,954



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

5. LOSS BEFORE INCOME TAX

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	4,547	2,001
Staff costs (including directors' remuneration)		
– Salaries and other benefits	22,229	20,131
– Pension scheme contributions	3,591	868
– Share-based payments	–	3
	25,820	21,002
Depreciation of property, plant and equipment	20,972	21,379
Depreciation of right-of-use assets	1,458	1,233
Amortisation of intangible assets and prepaid land lease premium	25,501	23,328
Net exchange loss	43	3,380
Short-term lease expenses	4,815	306
Low value lease expenses	8	–
Reversal of impairment on debtors	–	(870)
Interest on bank loans	22,795	18,406
Less: interest capitalised included in property, plant and equipment and other intangible assets	(1,083)	(2,643)
	21,712	15,763
Interest on loan from a third party	2,983	–
Interest on lease liabilities	125	50
Rental income less outgoings	(13,370)	(15,166)



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

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 two 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.

(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 People's Republic of China ("PRC") and overseas.

"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.

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

6. SEGMENT REPORTING (CONTINUED)

(a) Segments results

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

	Six months ended 30 June							
	Reportable Segments							
	Water supply and related services		Properties investment and development		Others		Consolidated	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Disaggregated by timing of revenue recognition								
Point in time	5,806	6,937	-	-	-	-	5,806	6,937
Over time	147,207	115,449	20,236	18,829	-	-	167,443	134,278
Reportable segment revenue	153,013	122,386	20,236	18,829	-	-	173,249	141,215
Reportable segment (loss)/profit	(7,940)	(11,341)	11,102	13,650	(11,990)	(9,118)	(8,828)	(6,809)
Interest income							845	2,051
Finance costs							(24,956)	(15,921)
Share of loss of a joint venture							(81)	(53)
Loss before income tax							(33,020)	(20,732)
Income tax (expense)/credit							(9,373)	4,630
Loss for the period							(42,393)	(16,102)
Attributable to:								
- Shareholders of the Company							(25,142)	(9,157)
- Non-controlling interests							(17,251)	(6,945)
							(42,393)	(16,102)



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

6. SEGMENT REPORTING (CONTINUED)

(b) Geographical information

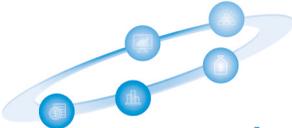
	Six months ended 30 June					
	PRC		Hong Kong/overseas		Consolidated	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Reportable segment revenue	173,249	141,215	-	-	173,249	141,215

The geographical location of customers is based on the location at which the services were provided or the goods were 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 six months ended 30 June 2021 and 2020.

The Company's subsidiaries operating in the PRC are subject to the tax rate at 25% (six months ended 30 June 2020: 25%).



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

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: –

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
PRC Enterprise Income Tax		
Current period	8,001	5,420
Over-provision in respect of prior period	–	(80)
	8,001	5,340
Deferred tax:		
Current period	1,372	(9,970)
	9,373	(4,630)

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: –

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss		
Loss for the period attributable to shareholders of the Company	(25,142)	(9,157)



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

8. LOSS PER SHARE (CONTINUED)

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Number of shares		
Weighted average number of shares in issue for the purpose of calculation of basic/diluted loss per share	5,513,000,000	5,512,842,265

The diluted loss per share is equal to the basic loss per share for the six months ended 30 June 2021 and 2020 as there was no dilutive potential ordinary share in issue.

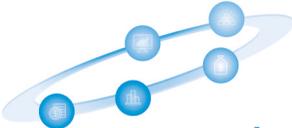
9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group had additions to property, plant and equipment in the amount of HK\$17,806,000 (year ended 31 December 2020: HK\$11,391,000).

10. 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: –

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
Opening net book value	25,996	28,097
Disposal of a subsidiary (Note 20)	–	(2,366)
Exchange adjustments	234	1,007
Amortisation of prepaid land lease premium	(395)	(742)
Closing net book value	25,835	25,996



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

11. INVESTMENT PROPERTIES

	HK\$'000
At 1 January 2020 (Audited)	691,076
Net increase in fair value recognised in the consolidated statement of profit or loss	48
Disposal of a subsidiary (Note 20)	(392)
Disposal during the year	(44,871)
Exchange adjustments	40,242
At 31 December 2020 and 1 January 2021 (Audited)	686,103
Exchange adjustments	9,039
At 30 June 2021 (Unaudited)	695,142

The investment properties are located at the PRC and held under medium-term leases.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

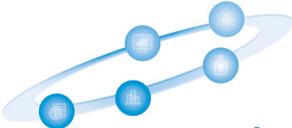
12. DEBTORS

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
Trade debtors	55,971	50,471
Less: credit loss allowances – note (iii)	(2,709)	(2,684)
	53,262	47,787

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.
- (ii) An aging analysis of debtors, based on invoice date and net of credit loss allowance on debtors, is set out below: –

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
0-6 months	53,175	47,699
6-12 months	65	65
1-2 years	22	23
	53,262	47,787



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

12. DEBTORS (CONTINUED)

Notes: – (continued)

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

	2021 (Unaudited) HK\$'000	2020 (Audited) HK\$'000
At 1 January	2,684	2,269
Impairment loss recognised	–	308
Exchange adjustments	25	107
At 30 June/31 December	2,709	2,684

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
Utilities and deposits	1,077	1,138
Prepayments	1,306	1,147
Interest receivable	20	8
Other receivables	8,427	7,524
	10,830	9,817
Less: credit loss allowances on other receivables – note	(106)	(105)
	10,724	9,712



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Note:

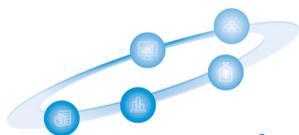
The movement in the credit loss allowances on other receivables during the period/year is as follows: –

	2021 (Unaudited) HK\$'000	2020 (Audited) HK\$'000
At 1 January	105	55
Impairment loss recognised	–	47
Exchange adjustments	1	3
At 30 June/31 December	106	105

14. TRADE PAYABLES

An aging analysis of trade payables based on invoice date is set out below: –

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
0-12 months	63,590	108,721
Over one year	66,710	13,141
	130,300	121,862



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

15. PAYABLE TO MERCHANTS

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

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
Over one year	3,011	3,011

16. DEPOSITS RECEIVED, SUNDRY CREDITORS AND ACCRUALS

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
Deposits received	6,687	7,703
Accruals	10,136	16,223
Sundry creditors	42,348	53,153
Construction fee payable	35,684	31,672
Other tax payables	6,161	4,523
	101,016	113,274



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

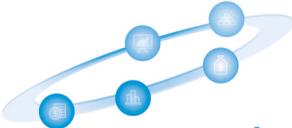
17. AMOUNT DUE TO A RELATED COMPANY

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

18. BANK AND OTHER BORROWINGS

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
Bank loans, secured – note (a)	947,254	684,692
Government loans, unsecured	–	350
Loan from a third party – note (b)	–	557,779
	947,254	1,242,821

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
Due for payment:		
– Within one year	55,304	40,362
– Within a period of more than one but not exceeding five years	628,805	473,668
– Over five years	263,145	728,791
	947,254	1,242,821



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

18. BANK AND OTHER BORROWINGS (CONTINUED)

Note: –

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

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
Total banking facilities granted	1,262,520	949,411
Less: banking facilities utilised by the Group	(947,254)	(684,692)
Unutilised banking facilities	315,266	264,719

As at 30 June 2021, these banking facilities were secured by:-

- i. charges over a land use right under service concession arrangement with aggregate carrying amount of RMB2,177,000 (equivalent to approximately HK\$2,618,000);
- ii. charges over the investment properties with carrying amounts of RMB536,300,000 (equivalent to approximately HK\$644,847,000);
- iii. pledge of trade receivables with a carrying amount of RMB44,194,000 (equivalent to approximately HK\$53,139,000);
- iv. pledge of 100% equity interest in Qingyuan Water Supply Development Company Limited;
- v. pledge of 100% equity interest in Qingyuan Qingxin District Taihe Water Company Limited;
- vi. pledge of 100% equity interest in Guangzhou Hengxin Yuxuan Industrial Development Limited;
- vii. guarantee by Guangzhou Yicheng Investment Holdings Limited, Qinghui Properties Limited and Qingyuan Qingxin District Huike Properties Company Limited, all being subsidiaries of the Group;
- viii. guarantee by Dongguan New Century Science and Education Development Limited, Ms. Zhu Fenglian (“**Ms. Zhu**”) and her spouse; and
- ix. guarantee by the non-controlling shareholders of subsidiaries.

Ms. Zhu is a director of the Company.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

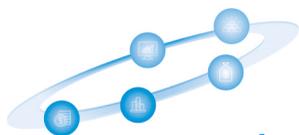
18. BANK AND OTHER BORROWINGS (CONTINUED)

Note: – (continued)

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

As at 31 December 2020, these banking facilities were secured by:–

- i. charges over a land use right under service concession arrangement with aggregate carrying amounts of RMB2,375,000 (equivalent to approximately HK\$2,671,000);
 - ii. pledge of trade receivables with a carrying amount of RMB34,449,000 (equivalent to approximately HK\$40,883,000);
 - iii. pledge of 100% equity interest in Qingyuan Water Supply Development Company Limited;
 - iv. pledge of 100% equity interest in Qingyuan Qingxin District Taihe Water Company Limited;
 - v. guarantee by Qinghui Properties Limited and Qingyuan Qingxin District Huike Properties Company Limited, both being subsidiaries of the Group;
 - vi. guarantee by Dongguan New Century Science and Education Development Limited, Ms. Zhu and her spouse; and
 - vii. guarantee by the non-controlling shareholders of subsidiaries.
- (b) During the current interim period, the Group repaid fully the loan from a third party amounted to HK\$557,779,000.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. SHARE CAPITAL

	Number of shares	HK\$'000
Share capital		
Ordinary share of HK\$0.01 each		
Authorised:–		
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	20,000,000,000	200,000
Issued and fully paid:–		
At 1 January 2020	5,512,758,758	55,128
Shares issued under share option scheme – note	241,242	2
At 31 December 2020, 1 January 2021 and 30 June 2021	5,513,000,000	55,130

Note:–

On 29 April 2020, 241,242 share options were exercised by the eligible option holders, resulting in the issue of 241,242 shares of HK\$0.01 each of the Company at a total consideration of approximately HK\$38,000.



Notes to the Condensed Consolidated Financial Statements

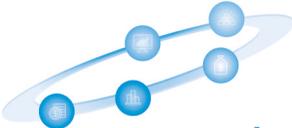
For the six months ended 30 June 2021

20. DISPOSAL OF A SUBSIDIARY

On 8 May 2020, Qinghui Properties Limited (“**Qinghui**”), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Qingyuan Yuncheng Properties Company Limited (“**Yuncheng**”), an independent third party, pursuant to which Qinghui agreed to sell (the “**Disposal**”) and Yuncheng agreed to purchase 100% equity interests in Qingyuan Kaipeng Properties Company Limited (“**Kaipeng**”) at a total consideration of RMB5,300,000 (equivalent to approximately HK\$5,942,000).

After the completion of the Disposal on 13 May 2020, Kaipeng has ceased to be a subsidiary of the Group.

	HK\$'000
Net assets disposed of:-	
Property, plant and equipment	1,669
Prepaid land lease premium (Note 10)	2,366
Investment properties (Note 11)	392
Deposits, prepayments and other receivables	6
Cash and bank balances	118
Deposits received, sundry creditors and accruals	(1,142)
Deferred tax liabilities	(771)
	<hr/>
Net assets disposed of	2,638
Release of exchange reserve	65
Non-controlling interest	(1,345)
Gain on disposal of a subsidiary (Note 4)	4,584
	<hr/>
	5,942
	<hr/>
Satisfied by:	
Cash consideration	5,942
	<hr/>



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

20. DISPOSAL OF A SUBSIDIARY (CONTINUED)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Kaipeng during the six months ended 30 June 2020 was as follows:–

	HK\$'000
Cash consideration	5,942
Cash and cash equivalents disposed of	(118)
Net inflow of cash and cash equivalents in respect of the disposal of Kaipeng	5,824

21. CAPITAL COMMITMENTS

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

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
Property, plant and equipment	5,034	4,572



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

22. RELATED PARTY TRANSACTIONS

(a) Transaction with related party of the Group

Apart from the balance and transactions disclosed in notes 17 and 18, the Group had other transactions with its related party during the period as follows:-

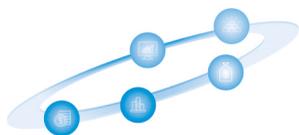
Particulars	Relationship	Six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Rental income	Common shareholder	295	249

(b) Key management compensation

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Fees for key management personnel	810	1,058
Salaries, allowances and other benefits in kind	2,409	2,600
Pension scheme contributions	33	9
	3,252	3,667

23. CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no material contingent liabilities.



Independent Review Report



大信梁學濂(香港)會計師事務所有限公司

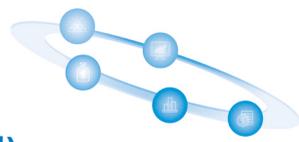
26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

香港
銅鑼灣
威菲路18號
萬國寶通中心26樓

**TO THE BOARD OF DIRECTORS OF
UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED**
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 3 to 31, which comprises the condensed consolidated statement of financial position of Universal Technologies Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) as of 30 June 2021 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



Independent Review Report (continued)

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

PKF Hong Kong Limited

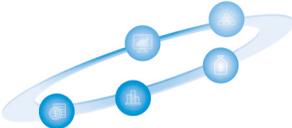
Certified Public Accountants

Hong Kong

30 August 2021

Lam Kar Bo

Practising Certificate Number: P05453



Management Discussion and Analysis

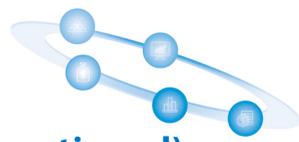
BUSINESS REVIEW AND PROSPECTS

Business Review

For the six months ended 30 June 2021, the Group was principally engaged in the business of water supply and related services as well as property investment and development. Revenue from the principal business amounted to approximately HK\$173,249,000, representing an increase of 23% or HK\$32,034,000 as compared with the revenue of approximately HK\$141,215,000 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\$153,013,000, representing an increase of 25% or approximately HK\$30,627,000 as compared with the revenue of approximately HK\$122,386,000 for the corresponding period last year, which was primarily attributable to the increased demand in tap water supply due to urban development and progressive improvement of supporting facilities.

The property investment and development business of the Group mainly comprise the rental operation of the Group's commercial properties in Guangzhou. For the six months ended 30 June 2021, the property investment and development segment of the Group recorded revenue of approximately HK\$20,236,000, representing an increase of 7% or approximately HK\$1,407,000 as compared with the revenue of approximately HK\$18,829,000 for the corresponding period last year. The increase in rental income was primarily due to the easing of COVID-19, which resulted in the rebound of rental income from commercial properties in China.

For the six months ended 30 June 2021, the net loss attributable to shareholders of the Company of approximately HK\$25,142,000 was incurred, representing an increase of HK\$15,985,000 as compared with the net loss attributable to shareholders of the Company of approximately HK\$9,157,000 for the corresponding period last year. The increase in the Group's loss during the period was mainly due to (i) the increase in finance costs of the Group's businesses of water supply services and properties investment and development; and (ii) the recognition of deferred tax credit for provision of cost of sales of the Group's water supply and related business for the six months ended 30 June 2020 while no similar deferred tax credit was recognised by the Group for the six months ended 30 June 2021.



Management Discussion and Analysis (continued)

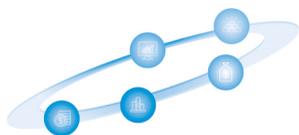
BUSINESS REVIEW AND PROSPECTS (CONTINUED)

Business Review (continued)

The Group is committed to increasing market competitiveness and maintaining good corporate governance standards and procedures at the same time, and implementing effective management systems and resource allocation with an aim to enhancing its competitiveness and maximising the value of its investment for shareholders, thereby achieving sustainable development of the Group. The Group places emphasis on talent development and deeply believes that the expertise and experience of its employees are important elements of the Group's long-term sustainable development. The Group is committed to providing training and career development paths for its employees to develop their potential, skills and cultivate their sense of belonging, as well as providing incentive schemes to motivate and retain talents. As disclosed in the Company's announcement dated 15 January 2021, the Company has adopted a Share Award Scheme ("**Share Award Scheme**") as an incentive to retain and attract suitable personnel for the continuing operation, growth and development of the Group.

For the six months ended 30 June 2021, the Group purchased 17,610,000 (2020: nil) shares through the trustee of the Share Award Scheme from the open market at the aggregate consideration of HK\$6,223,000, but no shares were granted or agreed to be granted to any eligible participant under the Share Award Scheme.

The Group focuses on property investment and development in China and overseas, explores opportunities in potential investment and development projects in the property market to increase the recurring income and for capital appreciation purpose. As disclosed in the Company's announcement dated 2 February 2021, a 49%-owned subsidiary of the Group sought to participate in the fund-raising round of a commercial bank in the PRC (the "**Financial Investment**").



Management Discussion and Analysis (continued)

BUSINESS REVIEW AND PROSPECTS (CONTINUED)

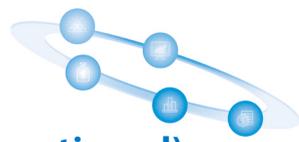
Business Review (continued)

In May 2021, the Group entered into an acquisition agreement to acquire the entire equity interest of Hooray Capital Limited and Hooray Securities Limited (“**Target Companies**”), which are corporations licensed by the Securities and Futures Commission (the “**SFC**”) to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. The Group considers that the securities brokerage and financial advisory businesses of the Target Companies would be complimentary to the existing financial licenses held by the Group with the view to developing the Group into an integrated financial holding company providing full-range financial services to our customers. As at the date of this report, the proposed acquisition has not been completed.

Prospects

The Group has been closely monitoring the development of COVID-19, and has made unremitting efforts to enhance its competitiveness and strengthen its core business, while exploring new and innovative business opportunities and seeking other potential investment opportunities to diversify the Group’s business, create new revenue streams for the Group, and achieve sustainable growth through continuous innovation.

In addition to business development, the Group acknowledges that enterprises shall bear responsibilities and commitments to the environment, society and governance in different aspects. As such, the Group is committed to maintaining good corporate governance standards and procedures, and implement effective management systems and resource allocation with an aim to enhancing its competitiveness and maximising the value of its investment for shareholders. As part of the Group’s environmental, social and governance initiatives, the Group provides training and career development paths to its employees to develop their talent, skills and sense of belonging for the Group’s sustainable growth.



Management Discussion and Analysis (continued)

FINANCIAL OVERVIEW

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

During the six months ended 30 June 2021, the Group recorded a revenue of HK\$173,249,000, representing an increase by 23% or HK\$32,034,000 as compared to the corresponding period last year. The increase in revenue was mainly attributable to the water supply business and rental income from the properties investment and development business. The loss attributable to shareholders of the Company for the six months ended 30 June 2021 was HK\$25,142,000, representing an increase of HK\$15,985,000 as compared to the corresponding period last year. The loss attributable to shareholders of the Company for the period increased, mainly due to (i) the increase in finance costs of the Group's businesses of water supply services and properties investment and development business; and (ii) the recognition of deferred tax credit for provision of cost of sales of the Group's water supply and related business for the six months ended 30 June 2020 while no similar deferred tax credit was recognised by the Group for the six months ended 30 June 2021.

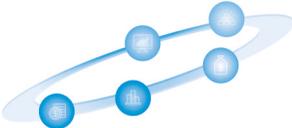
Cost of sales/services rendered

During the six months ended 30 June 2021, the Group recorded a cost of sales/services rendered in the amount of HK\$149,867,000, representing an increase of HK\$25,039,000 as compared to the corresponding period last year. The increase of cost of sales/services rendered was mainly attributable to the Group's water supply and related business.

Other income and gains

Other income and gains consist of interest income on bank deposits, gain on disposal of a subsidiary and other miscellaneous income.

During the six months ended 30 June 2021, the Group recorded other income and gains of HK\$1,091,000, representing a decrease of HK\$6,863,000 as compared to the corresponding period last year. The decrease in other income and gains was mainly attributable to the gain on disposal of a subsidiary for the six months ended 30 June 2020 while no such income was recognised for the current period.



Management Discussion and Analysis (continued)

FINANCIAL OVERVIEW (CONTINUED)

General and administrative expenses

During the six months ended 30 June 2021, the Group recorded general and administrative expenses of HK\$32,456,000, representing an increase of 12% as compared to the corresponding period last year. The increase in the general and administrative expenses was mainly due to the appreciation of Renminbi.

Share of loss of a joint venture

During the six months ended 30 June 2021, the Group recorded share of loss of a joint venture of HK\$81,000, representing an increase of HK\$28,000 as compared to the corresponding period last year. It was mainly attributable to the loss from a joint venture for the current period.

Finance costs

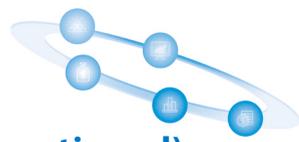
During the six months ended 30 June 2021, the Group recorded finance costs of HK\$24,956,000, representing an increase of 57% as compared to the corresponding period last year. It was mainly due to the increase in loan interest of the Group's businesses of water supply services and properties investment and development.

Income tax (expenses)/credit

During the six months ended 30 June 2021, the Group recorded an income tax expense of HK\$9,373,000, representing a decrease of income tax credit of HK\$14,003,000 as compared to the corresponding period last year. It was mainly attributable to the Group's water supply and related business.

Property, plant and equipment

The Group's property, plant and equipment increased by HK\$1,816,000 from HK\$446,589,000 as at 31 December 2020 to HK\$448,405,000 as at 30 June 2021. The increase was mainly due to the foreign exchange gain and addition of property, plant and equipment, partially offset by the depreciation charge during the period.



Management Discussion and Analysis (continued)

FINANCIAL OVERVIEW (CONTINUED)

Prepaid land lease premium

The Group's prepaid land lease premium as at 30 June 2021 amounted to HK\$25,835,000, which is similar to the figure as at 31 December 2020.

Investment properties

The Group's investment properties increased by HK\$9,039,000, from HK\$686,103,000 as at 31 December 2020 to HK\$695,142,000 as at 30 June 2021. It was mainly attributable to the increase in the Group's Renminbi-denominated investment properties resulting from the appreciation of Renminbi during the current period.

Right-of-use assets

The Group's right-of-use assets decreased by HK\$1,445,000 from HK\$5,605,000 as at 31 December 2020 to HK\$4,160,000 as at 30 June 2021. The decrease was mainly due to the depreciation for the current period.

Interest in a joint venture

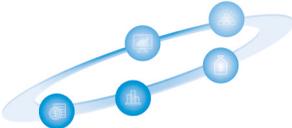
The Group's interest in a joint venture increased by HK\$3,342,000 from HK\$259,789,000 as at 31 December 2020 to HK\$263,131,000 as at 30 June 2021. It was mainly attributable to the increase in the Group's Renminbi-denominated interest in a joint venture resulting from the appreciation of Renminbi during the current period.

Intangible assets

The Group's intangible assets decreased by HK\$21,739,000 from HK\$294,892,000 as at 31 December 2020 to HK\$273,153,000 as at 30 June 2021. The decrease was mainly due to the amortisation for the current period.

Inventories

The Group's inventories decreased by HK\$1,695,000 from HK\$16,085,000 as at 31 December 2020 to HK\$14,390,000 as at 30 June 2021. The decrease was mainly due to the decrease in purchase of material for water pipeline construction projects for water supply and related business for the current period.



Management Discussion and Analysis (continued)

FINANCIAL OVERVIEW (CONTINUED)

Debtors

The Group's debtors increased by HK\$5,475,000 or 11% from HK\$47,787,000 as at 31 December 2020 to HK\$53,262,000 as at 30 June 2021. The increase in debtors was attributable to the increase in revenue for water supply and related business and properties investment and development business for the current 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 other receivables are unsecured and interest free.

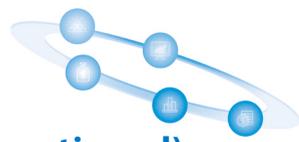
The Group's deposits, prepayments and other receivables increased by HK\$1,012,000 from HK\$9,712,000 as at 31 December 2020 to HK\$10,724,000 as at 30 June 2021. The increase was mainly due to provision of funds to the trustee for purchasing shares under share award scheme, which was partially offset by the decrease in other receivable of water supply business for the current period.

Cash and bank balances and fixed deposits

The Group's cash and bank balances and fixed deposits decreased by HK\$347,727,000 from HK\$1,142,675,000 as at 31 December 2020 to HK\$794,948,000 as at 30 June 2021. The decrease in cash and bank balances and fixed deposits was mainly due to the repayment of loan advanced by a third party during the current period. As at 30 June 2021, 93% (31 December 2020: 93%) of cash and bank balances was denominated in Renminbi.

Bank and other borrowings

The Group's bank and other borrowings decreased by HK\$295,567,000 from HK\$1,242,821,000 as at 31 December 2020 to HK\$947,254,000 as at 30 June 2021. The decrease was mainly attributable to the repayment of loan advanced by a third party, which was partially offset by the additional loan obtained by properties investment and development business during the current period.



Management Discussion and Analysis (continued)

FINANCIAL OVERVIEW (CONTINUED)

Trade payables

The Group's trade payables increased by HK\$8,438,000 from HK\$121,862,000 as at 31 December 2020 to HK\$130,300,000 as at 30 June 2021. The increase in trade payables was due to the provision of costs of sales pending the resolution of disputes and litigations as more particularly set out in the section headed "Litigation" of this interim report.

Payable to merchants

The Group's payable to merchants as at 30 June 2021 amounted to HK\$3,011,000, which is similar to the figure as at 31 December 2020.

Deposits received, sundry creditors and accruals

Deposits received, sundry creditors 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.

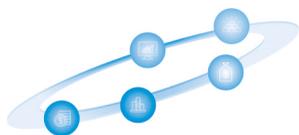
The Group's deposits received, sundry creditors and accruals decreased by HK\$12,258,000 from HK\$113,274,000 as at 31 December 2020 to HK\$101,016,000 as at 30 June 2021. The decrease was mainly attributable to the decrease in accruals of the water supply business for the current period.

Contract liabilities

The Group's contract liabilities decreased by HK\$14,310,000 from HK\$25,981,000 as at 31 December 2020 to HK\$11,671,000 as at 30 June 2021. The decrease was mainly due to the decrease in contract income of the Group's water supply and related business for the current period.

Lease liabilities

The Group's lease liabilities as at 30 June 2021 amounted to HK\$2,624,000, which is similar to the figure as at 31 December 2020.



Management Discussion and Analysis (continued)

FINANCIAL OVERVIEW (CONTINUED)

Amount due to a related company

The Group's amount due to a related company as at 30 June 2021 amounted to HK\$48,000, which is similar to the figure as at 31 December 2020.

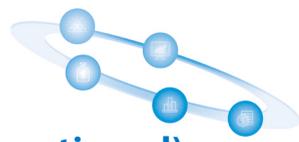
Liquidity and financial resources

As at 30 June 2021, the Group had net current assets of HK\$557,512,000. Current assets comprised inventories of HK\$14,390,000, debtors of HK\$53,262,000, deposits, prepayments and other receivables of HK\$10,724,000, fixed deposits of HK\$146,839,000, and cash and bank balances of HK\$648,109,000.

Current liabilities comprised bank and other borrowings of HK\$55,304,000, trade payables of HK\$130,300,000, payable to merchants of HK\$3,011,000, deposits received, sundry creditors and accruals of HK\$101,016,000, contract liabilities of HK\$11,671,000, lease liabilities of HK\$2,624,000, amount due to a related company of HK\$48,000 and tax payable of HK\$11,838,000.

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 at 30 June 2021 was 47% (31 December 2020: 52%).

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

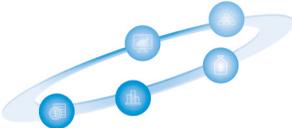
At 30 June 2021, the total number of employees of the Group was 409 (31 December 2020: 400). The remuneration of the employees (including directors) were determined according to their performance and work experience. In addition to basic salaries, discretionary bonus and share options may be granted 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 dedication and contribution of the Group's staff during the period are greatly appreciated and acknowledged.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

(i) Discloseable transaction in relation to the proposed subscription of the Financial Investment

In February 2021, Qinghui Properties Limited ("**Qinghui**"), a 49%-owned subsidiary of the Group, proposed to participate in the fund-raising round of Guangdong Nanyue Bank Co., Ltd. ("**Nanyue Bank**"), through the proposed subscription of a maximum of 177,000,000 shares of Nanyue Bank (the "**Financial Investment**") for the subscription price of up to RMB380,550,000 (equivalent to approximately HK\$455,203,000) in cash. As the applicable percentage ratios as calculated under Rule 14.06 of the Listing Rules are less than 25%, the proposed subscription of the Financial Investment constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules. Further details regarding the Financial Investment were disclosed in the Company's announcement dated 2 February 2021.

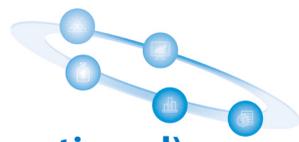


Management Discussion and Analysis (continued)

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS (CONTINUED)

(ii) Connected transaction in relation to the acquisition of two licensed corporations licensed by the SFC

On 25 May 2021, Universal Technologies Capital Holdings Limited (“**UTCHL**”), a wholly owned subsidiary of the Group, and Ms. Zhu entered into the acquisition agreement (the “**Acquisition Agreement**”), pursuant to which UTCHL conditionally agreed to acquire from Ms. Zhu, and Ms. Zhu agreed to sell, the entire issued share capital of Hooray Securities Limited and Hooray Capital Limited (the “**Target Companies**”) for a total cash consideration of HK\$36,500,000 (the “**Acquisition**”). Prior to the entering into of the Acquisition Agreement, the entire issued share capitals of the Target Companies were legally and beneficially owned by Ms. Zhu. Ms. Zhu, is an executive Director of the Company. Ever City Industrial Development Limited (a controlled corporation of Ms. Zhu) is a substantial shareholder of the Company interested in, directly and indirectly through Eastcorp International Limited, 1,561,140,000 shares, representing approximately 28.32% of the issued share capital of the Company. Accordingly, Ms. Zhu is a connected person of the Company, and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the Acquisition is conducted on normal commercial terms or better and the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are all less than 5%, under Rule 14A.76(2)(a) of the Listing Rules, the Acquisition is exempt from circular (including independent financial advice) and independent shareholders’ approval requirements but is only subject to reporting and announcement requirements under Chapter 14A of the Listing Rules. The proposed acquisition has not yet completed as at the date of this interim report. Further details regarding the Acquisition were disclosed in the Company’s announcement dated 25 May 2021.

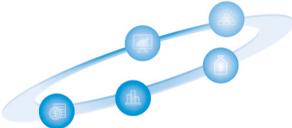


Management Discussion and Analysis (continued)

CHARGES ON GROUP'S ASSETS

The Group's bank loans at 30 June 2021 were secured by:-

- i. charges over a land use right under service concession arrangement with aggregate carrying amounts of RMB2,177,000 (equivalent to approximately HK\$2,618,000);
- ii. charges over the investment properties with carrying amounts of RMB536,300,000 (equivalent to approximately HK\$644,847,000);
- iii. pledge of trade receivables with a carrying amount of RMB44,194,000 (equivalent to approximately HK\$53,139,000);
- iv. pledge of 100% equity interest in Qingyuan Water Supply Development Company Limited;
- v. pledge of 100% equity interest in Qingyuan Qingxin District Taihe Water Company Limited;
- vi. pledge of 100% equity interest in Guangzhou Hengxin Yuxuan Industrial Development Limited;
- vii. guarantee by Guangzhou Yicheng Investment Holdings Limited, Qinghui Properties Limited and Qingyuan Qingxin District Huike Properties Company Limited, all being subsidiaries of the Group;
- viii. guarantee by Dongguan New Century Science and Education Development Limited, Ms. Zhu and her spouse; and
- ix. guarantee by the non-controlling shareholders of subsidiaries.



Management Discussion and Analysis (continued)

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

In February 2021, Qinghui, a 49%-owned subsidiary of the Group, proposed to participate in the fund-raising round of Nanyue Bank currently taking place, through the proposed subscription of a maximum of 177,000,000 shares of Nanyue Bank Shares for the subscription price of up to RMB380,550,000 (equivalent to approximately HK\$455,203,000) in cash. Further details regarding the Financial Investment were disclosed in the Company's announcement dated 2 February 2021.

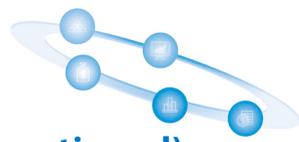
On 25 May 2021, UTCHL, a wholly owned subsidiary of the Group, and Ms. Zhu entered into the Acquisition Agreement, pursuant to which UTCHL conditionally agreed to acquire from Ms. Zhu, and Ms. Zhu agreed to sell, the entire issued share capital of the Target Companies for a total cash consideration of HK\$36,500,000. Further details regarding the Acquisition were disclosed in the Company's announcement dated 25 May 2021.

Save as disclosed above, there was no other future plan for material investments or capital assets during the six months ended 30 June 2021.

CURRENCY RISK

The Group's core businesses are mainly transacted and settled in Renminbi and the majority of assets and liabilities are denominated in Renminbi ("**RMB**") and Hong Kong dollars ("**HK\$**"). There are no significant assets and liabilities denominated in other currencies. For the six months ended 30 June 2021, 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.



Management Discussion and Analysis (continued)

CAPITAL COMMITMENT

As at 30 June 2021, the Group had a total capital commitment in respect of the acquisition of property, plant and equipment in the amount of approximately HK\$5,034,000 (31 December 2020: approximately HK\$4,572,000) being in connection with the capital expenditures of the Group's water supply and related business.

CONTINGENT LIABILITIES

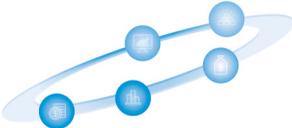
The Directors consider that the Group had no contingent liabilities as at 30 June 2021.

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 during the reporting period are as follows:

1. Mr. Xuan Zhensheng was appointed as a supervisor of Shenzhen Huanye Universal Technologies Limited with effect from 26 May 2021.
2. Dr. Cheung Wai Bun, Charles, J.P. resigned as an independent non-executive director, the Chairman of the nomination committee and the member of the audit committee of Yin He Holdings Limited (stock code: 8260) with effect from 23 August 2021.
3. Mr. David Tsoi was appointed as an independent non-executive director, the Chairman of Audit Committee and a member of each of the Compensation and Benefits Committee and the Nomination Committee of InvesTech Holdings Limited (stock code: 1087) with effect from 14 May 2021.

Save as disclosed in this interim report, there are no other changes to the Directors' information that is required to be disclosed pursuant to Rule 13.51B of the Listing Rules.



Management Discussion and Analysis (continued)

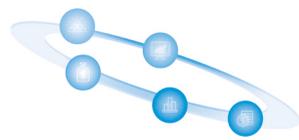
LITIGATION

Save as disclosed below, as at the date of this interim report, neither the Company nor any other member of the Group was engaged in any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group:

Unless the context otherwise requires, capitalized terms in this section have the same meanings as defined in the announcement dated 3 March 2020 (the “**Announcement**”).

Reference is made to the Company’s Announcement regarding the Cessation Notice issued by the Bureau on 3 March 2020, 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.

As disclosed in the Announcement, the Group has sought legal advice to uphold its right regarding the Cessation Notice and the water intake from the Government-designated Water Plant. In October 2020, WSD Company received a writ of civil claim from the Government-designated Water Plant alleging to claim against WSD Company the “cost of water supply” in the sum of RMB96.5 million. After seeking advice from their PRC legal advisers, WSD Company is of the view that the dispute is originated from administrative decision/order given by the governmental bodies instead of a contract voluntarily entered into by a willing buyer and therefore the plaintiff’s claim is without legal basis. At this stage, it is difficult to predict the outcome of the litigation. However, the Group has provided the cost of water supply, based on a reasonable estimation, in its consolidated financial statements, pending the resolution of the relevant disputes and litigations. Further announcement(s) will be made by the Company if there is any material development of this matter or the related disputes/litigations which warrant disclosure.



Other Information

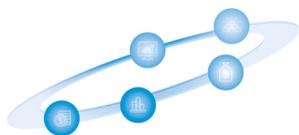
DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, 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 10 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				
Executive Director						
Ms. Zhu Fenglian (note 1)	-	1,561,140,000	1,561,140,000	-	1,561,140,000	28.32%

Notes:

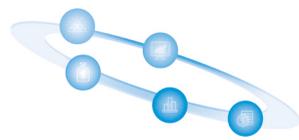
- Ms. Zhu Fenglian is deemed to be interested in the 1,561,140,000 shares attributable to Ms. Zhu and her controlled corporation, Affluent Vast Holdings Limited (“**Affluent Vast**”), Ever City Industrial Development Limited (“**Ever City**”) and Eastcorp International Limited (“**Eastcorp**”). For more details on 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”.
- There were no debt securities nor debentures issued by the Group at any time during the period ended 30 June 2021.



Other Information (continued)

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

Save as disclosed above, so far as the directors are aware, as at 30 June 2021, 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.



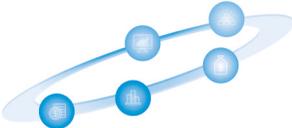
Other Information (continued)

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 30 June 2021, 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 Fenglian (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%
Wang Yingqi (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)

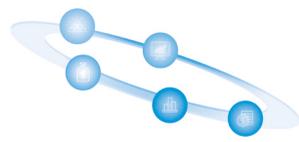
LONG POSITIONS IN THE SHARES OF THE COMPANY (continued)

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 30 June 2021, 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 30 June 2021, no other person was individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at 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)

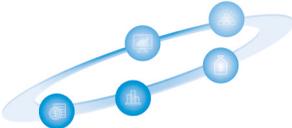
So far as the directors are aware, save as disclosed herein, no persons have long positions in underlying shares of equity derivatives of the Company.

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 OPTIONS

The GEM share option scheme adopted by the Company on 12 October 2001 (the “**Old 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 Old Share Option Scheme. As at the date of this report, no option remained outstanding under the Old Share Option Scheme. No option was granted, exercised, cancelled or lapsed under the Old Share Option Scheme during both the current period and last period.

The Board adopted a new share option scheme (the “**New Share Option Scheme**”) at the Company’s extraordinary general meeting held on 12 August 2010. The purpose of the New Share Option Scheme is to enable the Company to grant options to eligible participants including employees, proposed employees, non-executive directors, suppliers and customers of the Group or any invested entities, shareholders of any members of the Group or any invested entities, and any other participants determined by the Directors as having contributed or may contribute by way of joint ventures, business alliances or other business arrangements to the development and growth of the Group (collectively, the “**Eligible Participants**”), an incentive or rewards for their contributions to the Group. A summary of the principal terms of the New Share Option Scheme can be founded on pages 9 to 19 of the Company’s circular dated 19 July 2010.

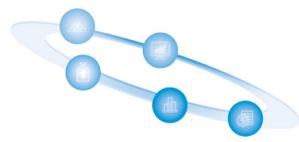


Other Information (continued)

SHARE OPTIONS (CONTINUED)

The New Share Option Scheme was adopted for a period of ten years commencing from 12 August 2010 to 11 August 2020, after which period no further options were offered or granted but the provisions of the scheme were remained in full force and effect in all other respects with regard to options granted during the life of the scheme. Offers for grant of options shall be valid for acceptance within 21 days after the date of offer, when the grantee shall pay HK\$1.00 to the Company as consideration for the grant. The subscription price for shares in respect of any option granted shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option but in any case the subscription price for shares shall be at least not lower than the higher of (i) the closing price of the share as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average of the closing prices of the share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the share of the Company.

The maximum number of shares which may be issued upon the exercise of all options to be granted under the New Share Option Scheme (the "**Scheme Mandate Limit**") was 10% of the shares in issue as at the date of approval of the New Share Option Scheme. The maximum entitlement of each Eligible Participant in any 12-month period must not exceed 1% of the shares in issue, provided that the maximum entitlement for any grantee being a substantial shareholder or an independent non-executive director or their associates shall be capped at 0.1% of the shares in issue (or HK\$5 million in value based on the closing price of the shares underlying the options, whichever is higher). Any grant exceeding these individual limits shall be subject to shareholders' approval, with the relevant grantees and their associates abstaining from voting. The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time.



Other Information (continued)

SHARE OPTIONS (CONTINUED)

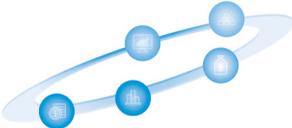
On 11 August 2020, the New Share Option Scheme lapsed and no option can be granted thereunder any further. At the time of lapse of the New Share Option scheme, no option had remained outstanding.

A summary of the movements of the share options granted under the Share Option Schemes during the period is as follows:–

Grantees	Date of grant	Vesting period	Exercise period	Exercise price	Number of share option					Market value per share at date of grant of option	Market value per share on exercise of option
					Outstanding at 1 January 2021	Granted during the period	Exercised during the period	Cancellation during the period	Outstanding at 30 June 2021		
Senior Management and staff of the Group	15 April 2020	Fully vested on 15 April 2020	15 April 2020 to 11 August 2020	HK\$0.16	-	-	-	-	-	HK\$0.155	-

Note:

- The Company received a consideration of HK\$1.00 from each of the grantees of the Share Option Scheme.



Other Information (continued)

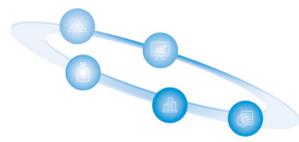
SHARE AWARD SCHEME

The Company has adopted a share award scheme (“**Share Award Scheme**”) as an incentive scheme to recognize the contributions by Eligible Participants and to retain them and attract suitable personnel for the continuing operation, growth and development of the Group. The Share Award Scheme was adopted by the Board on 15 January 2021 and shall lapse on 31 December 2035. Under the Share Award Scheme, Shares may be purchased and subscribed by the Trustee out of cash contributions made by the Company or its subsidiaries, awarded to Grantees as may be selected by the Administration Committee, with any Awarded Shares to be held on trust until they vest in the Grantee upon the satisfaction of any Vesting Dates and/or vesting conditions as may be decided by the Administration Committee in its absolute discretion. Further details of the Share Award Scheme are disclosed in the Company’s announcement dated 15 January 2021.

For the six months ended 30 June 2021, the Group purchased 17,610,000 (2020: nil) shares through the trustee of the Share Award Scheme from the open market at the aggregate consideration of HK\$6,223,000, 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 18 to the consolidated financial statements, as at and throughout the period ending 30 June 2021, 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 Fenglian 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)

CONNECTED TRANSACTIONS (CONTINUED)

On 25 May 2021, UTCHL, a wholly owned subsidiary of the Group, and Ms. Zhu entered into the Acquisition Agreement, pursuant to which UTCHL conditionally agreed to acquire from Ms. Zhu, and Ms. Zhu agreed to sell, the entire issued share capital of the Target Companies for a total cash consideration of HK\$36,500,000.

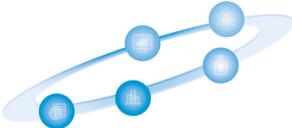
Prior to the entering into of the Acquisition Agreement, the entire issued share capitals of the Target Companies were legally and beneficially owned by Ms. Zhu. Ms. Zhu, is an executive Director of the Company. Ever City (a controlled corporation of Ms. Zhu) is a substantial shareholder of the Company interested in, directly and indirectly through Eastcorp, 1,561,140,000 Shares, representing approximately 28.32% of the issued share capital of the Company. As Ms. Zhu is a connected person of the Company, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the Acquisition is conducted on normal commercial terms or better and the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are all less than 5%, under Rule 14A.76(2)(a) of the Listing Rules, the Acquisition is exempt from circular (including independent financial advice) and independent shareholders' approval requirements but is only subject to reporting and announcement requirements under Chapter 14A of the Listing Rules. The proposed acquisition has not yet completed as at the date of this interim report. Further details regarding the acquisition were disclosed in the Company's announcement dated 25 May 2021.

COMPETITION AND CONFLICT OF INTERESTS

During the current 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 OF REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the current period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.



Other Information (continued)

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

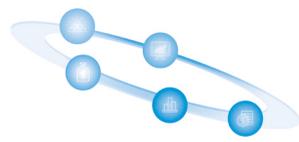
Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained the prescribed public float under the Listing Rules up to the date of this interim report.

CORPORATE GOVERNANCE CODE

The Company has applied the principles and provisions as set out in the Corporate Governance Code as set out in Appendix 14 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 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.



Other Information (continued)

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 10 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 six months ended 30 June 2021.

DIVIDEND

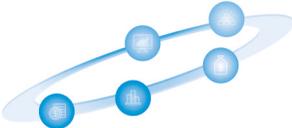
The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

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 paragraph C.3.3 of the Main Board 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, Dr. Cheung Wai Bun, Charles, J.P., 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 interim results, the accounting principles and practices adopted by the Group, discussed with the Board and management and internal controls, risk management and financial reporting matters.



Other Information (continued)

AUDIT COMMITTEE (CONTINUED)

The interim financial report for the six months ended 30 June 2021 is unaudited, but has been reviewed by PKF Hong Kong Limited, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report to be sent to shareholders. The interim financial report has been reviewed by the Audit Committee.

PUBLICATION OF INTERIM RESULTS AND 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) and the Company’s website (www.uth.com.hk). The interim report for the six months ended 30 June 2021 containing all the information required by Appendix 16 to the Listing Rules is expected to be dispatched to shareholders and published on the websites of the Stock Exchange and the Company on or before 30 September 2021.

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

Hong Kong, 30 August 2021

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 Ms. Zhang Haimei; one non-executive Director namely Mr. Xuan Zhensheng; and three independent non-executive Directors namely Dr. Cheung Wai Bun, Charles, J.P., Mr. David Tsoi and Mr. Chao Pao Shu George.