



UNIVERSAL

TECHNOLOGIES

Universal Technologies Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1026



2025/26

INTERIM REPORT





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Highlights

- Revenue for the six months ended 31 December 2025 amounted to approximately HK\$172.92 million (six months ended 31 December 2024: approximately HK\$184 million), representing a decrease of approximately HK\$11.08 million or 6.02% as compared to the corresponding period last year. Such decrease was mainly due to the decrease in the income of the Group's water supply and related business.
- Net loss attributable to shareholders of the Company for the six months ended 31 December 2025 amounted to approximately HK\$49.31 million (six months ended 31 December 2024: approximately HK\$28.53 million), representing an increase in loss of approximately HK\$20.78 million or 72.83% as compared to the corresponding period last year. Such increase was mainly due to: (a) compensation loss and other charges during the Period, principally resulted from default interest awarded by the Court in judgments rendered in respect of litigations with the Government-designated Water Plant; and (b) an increase in the PRC enterprise income tax expense, principally resulted from an updated assessment carried out by the tax authority of Qingyuan City and notified to WSD Company in the second half of 2025.
- Basic and diluted loss per share for the six months ended 31 December 2025 amounted to HK0.89 cent and HK0.89 cent, respectively (six months ended 31 December 2024: basic and diluted loss per share amounted to HK0.52 cent and HK0.52 cent, respectively).
- The Board of Directors does not recommend the payment of an interim dividend for the six months ended 31 December 2025 (six months ended 31 December 2024: 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 31 December 2025 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 31 December 2025

	Note	Six months ended 31 December	
		2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Revenue	3	172,924	184,000
Cost of revenue		(167,055)	(168,819)
Gross profit		5,869	15,181
Other income and (losses)/gains, net	4	(27,547)	8,364
Net reversal of impairment/(impairment loss) on deposits and receivables		4,793	(3,550)
General and administrative expenses		(38,976)	(36,621)
Share of loss of a joint venture		(55)	(2,438)
Loss from operations		(55,916)	(19,064)
Finance costs		(17,228)	(19,799)
Loss before income tax	5	(73,144)	(38,863)
Income tax expense	7	(20,402)	(2,335)
Loss for the period		(93,546)	(41,198)

Condensed Consolidated Statement of Profit or Loss (continued)

For the six months ended 31 December 2025

	Note	Six months ended 31 December	
		2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Attributable to:-			
Shareholders of the Company		(49,311)	(28,532)
Non-controlling interests		(44,235)	(12,666)
		(93,546)	(41,198)
Loss per share (in HK cents)			
– Basic	8	(0.89)	(0.52)
– Diluted	8	(0.89)	(0.52)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2025

	Six months ended 31 December	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period	(93,546)	(41,198)
Other comprehensive income/(loss): – Item that may be reclassified subsequently to profit or loss: – Exchange differences arising on translation of financial statements of overseas operations	1,985	(4,373)
Other comprehensive income/(loss) for the period, net of income tax	1,985	(4,373)
Total comprehensive loss for the period	(91,561)	(45,571)
Total comprehensive loss attributable to: –		
Shareholders of the Company	(42,338)	(35,628)
Non-controlling interests	(49,223)	(9,943)
	(91,561)	(45,571)

Condensed Consolidated Statement of Financial Position

At 31 December 2025

		At 31 December 2025 (Unaudited) HK\$'000	At 30 June 2025 (Audited) HK\$'000
	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	10	301,708	292,275
Investment properties		544,029	562,360
Right-of-use assets		51,859	55,839
Interest in a joint venture		213,594	210,692
Intangible assets		40,914	55,464
Goodwill		–	–
Statutory deposits for financial service business		400	400
Deposits paid for acquisition of investment properties		251,922	154,609
Deposit paid for acquisition of a subsidiary		–	25,768
Deferred tax assets		50,584	36,496
		1,455,010	1,393,903
CURRENT ASSETS			
Properties under development		22,567	21,863
Inventories		3,992	3,896
Debtors	11	47,979	40,849
Deposits, prepayments and other receivables		65,444	128,852
Fixed deposits		47,064	59,067
Restricted bank deposits		134,445	–
Pledged time deposits		–	82,084
Cash and bank balances	12	89,134	172,624
		410,625	509,235

Condensed Consolidated Statement of Financial Position (continued)

At 31 December 2025

	Note	At 31 December 2025 (Unaudited) HK\$'000	At 30 June 2025 (Audited) HK\$'000
DEDUCT:-			
CURRENT LIABILITIES			
Trade payables	13	529,551	500,172
Payable to merchants		3,006	3,006
Deposits received, other payables and accruals		315,245	235,886
Contract liabilities		28,536	24,946
Lease liabilities		7,942	8,296
Amount due to a related company		103	-
Bank borrowings	14	38,211	96,901
Tax payable		26,996	2,797
		949,590	872,004
NET CURRENT LIABILITIES		(538,965)	(362,769)
TOTAL ASSETS LESS CURRENT LIABILITIES		916,045	1,031,134
DEDUCT:-			
NON-CURRENT LIABILITIES			
Bank borrowings	14	626,143	645,460
Lease liabilities		27,752	30,973
Deferred tax liabilities		24,506	24,910
		678,401	701,343
NET ASSETS		237,644	329,791

Condensed Consolidated Statement of Financial Position (continued)

At 31 December 2025

		At 31 December 2025 (Unaudited) HK\$'000	At 30 June 2025 (Audited) HK\$'000
	Note		
REPRESENTING: – CAPITAL AND RESERVES			
Share capital	15	55,130	55,130
Reserves		517,425	560,349
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		572,555	615,479
NON-CONTROLLING INTERESTS		(334,911)	(285,688)
TOTAL EQUITY		237,644	329,791

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2025

	Six months ended 31 December	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	2,252	66,599
NET CASH USED IN INVESTING ACTIVITIES	(72,919)	(17,657)
NET CASH USED IN FINANCING ACTIVITIES	(26,474)	(33,437)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(97,141)	15,505
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	1,171	(1,311)
CASH AND CASH EQUIVALENTS AT 1 JULY	227,940	213,816
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	131,970	228,010
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	84,906	146,323
Fixed deposits	47,064	81,687
	131,970	228,010

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2025

	Attributable to shareholders of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Shares held under share award scheme HK\$'000	Statutory reserve HK\$'000	Accumulated losses HK\$'000	Sub total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 July 2024 (unaudited)	55,130	1,247,453	481	1,093	10,754	(7,579)	(7,221)	27,699	(583,552)	744,258	(200,396)	543,862
Purchases of shares for share award scheme (note)	-	-	-	-	-	-	(851)	-	-	(851)	-	(851)
Total comprehensive loss for the period	-	-	-	-	-	(7,096)	-	-	(28,532)	(35,628)	(9,943)	(45,571)
At 31 December 2024 (unaudited)	55,130	1,247,453	481	1,093	10,754	(14,675)	(8,072)	27,699	(612,084)	707,779	(210,339)	497,440
At 1 July 2025 (audited)	55,130	1,247,453	481	1,093	10,754	(11,543)	(11,271)	27,699	(704,317)	615,479	(285,688)	329,791
Purchases of shares for share award scheme (note)	-	-	-	-	-	-	(586)	-	-	(586)	-	(586)
Total comprehensive loss for the period	-	-	-	-	-	6,973	-	-	(49,311)	(42,338)	(49,223)	(91,561)
At 31 December 2025 (unaudited)	55,130	1,247,453	481	1,093	10,754	(4,570)	(11,857)	27,699	(753,628)	572,555	(334,911)	237,644

Note: During the six months ended 31 December 2025, 3,980,000 (six months ended 31 December 2024: 7,890,000) shares were purchased from the open market at the aggregate consideration of HK\$586,000 (six months ended 31 December 2024: HK\$851,000) 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 31 December 2025

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

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 31 December 2025 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the eighteen months ended 30 June 2025, except for the amendments to HKFRS Accounting Standards described below:–

- (1) In the current interim period, the Group has adopted the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 July 2025 for the preparation of the Group's unaudited condensed consolidated financial statements:–

Amendments to HKAS 21 Lack of Exchangeability

The adoption of the above amendments to HKFRS Accounting Standards 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 HKFRS Accounting Standards that have been issued but were not yet effective for the current accounting period of the unaudited condensed consolidated financial statements. The directors anticipate that the application of these new or amendments to HKFRS Accounting Standards 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 31 December 2025

2. BASIS OF PREPARATION (CONTINUED)

(b) Going concern

In preparing the unaudited condensed consolidated financial statements, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing the Group's ability to continue as a going concern. The Group incurred a net loss of approximately HK\$93,546,000 for the six months ended 31 December 2025 and, as of that date, the Group's net current liabilities amounted to approximately HK\$538,965,000 while its cash and bank balances, fixed deposits and restricted bank deposits amounted to approximately HK\$84,906,000, HK\$47,064,000 and HK\$134,445,000 respectively. In addition, as at 31 December 2025: (i) the Group had trade payables of approximately HK\$529,551,000, of which approximately HK\$511,396,000 represented water costs (and provisions made therefor) under dispute/litigation with supplier; and (ii) included in deposits received, other payable and accruals was compensation of approximately HK\$24,113,000 payable as a result of civil judgments rendered by the Court in litigation with the same supplier.

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

- As at 31 December 2025, the Group had unutilised banking facilities of approximately RMB385,340,000. Given the Group maintained strong business relationship with its bankers and based on past experiences, the directors expect that the Group is able to renew all the banking facilities when they expire.
- The Group will continue to enhance its liquidity and operating cash flows for the next twelve months through the negotiation with the supplier and pursuing the restructuring of the Group's subsidiaries with the view to resolving the disputes and settling the outstanding amounts relating to the ongoing litigation.
- The Group will take proactive measures to reduce administrative and operating costs.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

2. BASIS OF PREPARATION (CONTINUED)

(b) Going concern (continued)

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

3. REVENUE

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

	Six months ended 31 December	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Provision of water supply and related services		
Water supply and related services income	139,164	161,747
Construction services of infrastructure under concession arrangement	17,969	9,477
Provision of financial services		
Service fee income	10	14
Commission and brokerage income	3	52
Advisory income	150	–
Revenue from other sources		
Rental and building management service income	15,628	12,710
	172,924	184,000

Disaggregation of revenue from contracts with customers and other sources by the timing of revenue recognition and by geographical locations is disclosed in Note 6 to the unaudited condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

4. OTHER INCOME AND (LOSSES)/GAINS, NET

	Six months ended 31 December	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
(a) Other income		
Interest on bank deposits	1,410	2,648
Interest on loans receivable	1,157	2,606
Other interest income	3,649	–
	6,216	5,254
(b) Other (losses)/gains, net		
Compensation loss and other charges	(29,769)	–
Exchange (loss)/gain, net	(4,070)	2,568
Sundry income	76	542
	(33,763)	3,110
Net	(27,547)	8,364

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

5. LOSS BEFORE INCOME TAX

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

	Six months ended 31 December	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	3,296	7,058
Staff costs (including directors' remuneration)		
– Salaries and other benefits	25,358	28,374
– Pension scheme contributions	5,178	4,959
	30,536	33,333
Depreciation of property, plant and equipment	8,704	18,239
Depreciation of right-of-use assets	4,716	1,727
Impairment loss on debtors	416	683
(Reversal of impairment)/impairment loss on other receivables	(3,582)	957
(Reversal of impairment)/impairment loss on deposits paid	(1,627)	1,910
Amortisation of intangible assets and prepaid land lease premium	31,484	28,542
Short-term lease expenses	167	406
Interest on bank loans	16,191	19,809
Interest on lease liabilities	1,077	31
Rental income less direct outgoings	(5,549)	(3,266)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

6. SEGMENT REPORTING

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

The Group has presented the following reportable segments.

(a) Water supply and related services

This segment is engaged in supply of tap water to various districts of Qingyuan City, Guangdong Province, the People's Republic of China ("PRC"). The water supply business currently operates three water treatment plants, two of which source raw water from local river sources and one purchases clean water from government designated water plant.

(b) Property investment and development

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

(c) Financial services

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

6. SEGMENT REPORTING (CONTINUED)

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

(a) Segments results

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

	Six months ended 31 December									
	Reportable Segments									
	Water supply and related services		Property investment and development		Financial services		Others		Consolidated	
	2025 (Unaudited) HK\$’000	2024 (Unaudited) HK\$’000	2025 (Unaudited) HK\$’000	2024 (Unaudited) HK\$’000	2025 (Unaudited) HK\$’000	2024 (Unaudited) HK\$’000	2025 (Unaudited) HK\$’000	2024 (Unaudited) HK\$’000	2025 (Unaudited) HK\$’000	2024 (Unaudited) HK\$’000
Disaggregated by timing of revenue recognition										
Point in time	124,569	127,939	-	-	163	66	-	-	124,732	128,005
Over time	32,564	45,469	15,628	10,526	-	-	-	-	48,192	55,995
Reportable segment revenue	157,133	173,408	15,628	10,526	163	66	-	-	172,924	184,000
Reportable segment (loss)/ profit	(51,578)	(9,089)	4,400	4,794	(2,319)	(1,897)	(12,567)	(9,532)	(62,064)	(15,724)
Net reversal of impairment/ (impairment loss) on deposits and receivables	(306)	(130)	5,099	(3,420)	-	-	-	-	4,793	(3,550)
Interest income on bank deposits									1,410	2,648
Share of loss of a joint venture									(55)	(2,438)
Finance costs									(17,228)	(19,799)
Loss before income tax									(73,144)	(38,863)
Income tax expense									(20,402)	(2,335)
Loss for the period									(93,546)	(41,198)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

6. SEGMENT REPORTING (CONTINUED)

(b) Geographical information

	Six months ended 31 December					
	PRC		Hong Kong/overseas		Consolidated	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Reportable segment revenue	172,761	183,934	163	66	172,924	184,000

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

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax and Australia Corporate Income Tax have been provided as the Company and its subsidiaries operating in Hong Kong and Australia have no estimated assessable profits for the six months ended 31 December 2025 and 2024.

The Company's subsidiaries operating in the PRC are subject to Enterprise Income Tax at 25% (six months ended 31 December 2024: 25%).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

7. INCOME TAX EXPENSE (CONTINUED)

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

	Six months ended 31 December	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Current tax:		
PRC Enterprise Income Tax		
Current period	18,931	585
Under-provision in respect of previous years	15,481	49
	34,412	634
Deferred taxation	(14,010)	1,701
	20,402	2,335

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 31 December	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Loss		
Loss for the period attributable to shareholders of the Company	(49,311)	(28,532)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

8. LOSS PER SHARE (CONTINUED)

	Six months ended 31 December	
	2025 (Unaudited)	2024 (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	5,513,000,000

The diluted loss per share is equal to the basic loss per share for the six months ended 31 December 2025 and 2024 as there was no dilutive potential ordinary shares in issue.

9. DIVIDENDS

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 31 December 2025 (six months ended 31 December 2024: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2025, the Group had additions to property, plant and equipment in the amount of HK\$16,699,000 (six months ended 31 December 2024: HK\$13,855,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

11. DEBTORS

	At 31 December 2025 (Unaudited) HK\$'000	At 30 June 2025 (Audited) HK\$'000
Trade debtors arising from water supply and related services and rental receivables	51,726	44,136
Less: credit loss allowances – note (iii)	(3,781)	(3,321)
	47,945	40,815
Trade receivables arising from the ordinary course of business of dealing in securities		
Cash clients	76	76
Less: credit loss allowances – note (iii)	(42)	(42)
	34	34
	47,979	40,849

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

11. DEBTORS (CONTINUED)

Notes: –

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

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

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

	At 31 December 2025 (Unaudited) HK\$'000	At 30 June 2025 (Audited) HK\$'000
0 – 6 months	45,417	40,756
7 – 12 months	2,477	45
1 – 2 years	51	14
	47,945	40,815

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

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

	Six months ended 31 December 2025 (Unaudited) HK\$'000	Six months ended 31 December 2024 (Unaudited) HK\$'000
At 1 July	3,363	2,574
Impairment loss recognised	416	671
Exchange adjustments	44	(23)
At 31 December	3,823	3,222

- (iv) At 31 December 2025, the receivables with a carrying amount of HK\$47,572,000 (equivalent to approximately RMB42,812,000) (At 30 June 2025: HK\$40,513,000 (equivalent to approximately RMB36,971,000)) were pledged to secure bank loans granted to the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

12. CASH AND BANK BALANCES

	At 31 December 2025 HK\$' 000	At 30 June 2025 HK\$' 000
Cash and bank balances:		
General accounts and cash	84,906	168,873
Client accounts	4,228	3,751
	89,134	172,624

As at 31 December 2025, cash and bank balances of general accounts of the Group denominated in Renminbi amounted to HK\$60,865,000 (30 June 2025: HK\$145,505,000). Renminbi is not freely convertible into foreign currencies. Subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies through banks authorised to conduct foreign exchange business.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

13. TRADE PAYABLES

	At 31 December 2025 (Unaudited) HK\$'000	At 30 June 2025 (Audited) HK\$'000
Trade payables arising from water supply and related services	525,325	496,424
Trade payables arising from the ordinary course of business of dealing in securities		
Cash clients	3,231	3,207
Margin clients	995	541
	529,551	500,172

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

	At 31 December 2025 (Unaudited) HK\$'000	At 30 June 2025 (Audited) HK\$'000
0-12 months	127,930	126,705
Over one year	397,395	369,719
	525,325	496,424

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

14. BANK BORROWINGS

	At 31 December 2025 (Unaudited) HK\$'000	At 30 June 2025 (Audited) HK\$'000
Bank loans, secured (note (a) and (b))	664,354	742,361
Carrying amount repayable:		
– Within one year or on demand	38,211	96,901
– More than one year, but not exceeding two years	59,081	37,027
– More than two years, but not exceeding five years	234,159	229,220
– Over five years	332,903	379,213
	664,354	742,361

Notes:–

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

	At 31 December 2025 (Unaudited) HK\$'000	At 30 June 2025 (Audited) HK\$'000
Total banking facilities granted	1,166,739	1,377,444
Less: banking facilities utilised by the Group	(738,557)	(961,730)
Unutilised banking facilities	428,182	415,714

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

14. BANK BORROWINGS (CONTINUED)

Notes:– (Continued)

- (b) At 31 December 2025, these banking facilities were secured by:-
- i. charges over a land use right under service concession arrangement with aggregate carrying amounts of RMB396,000 (equivalent to approximately HK\$440,000);
 - ii. charges over the investment properties with carrying amounts of RMB472,000,000 (equivalent to approximately HK\$525,000,000);
 - iii. pledge of trade receivables with a carrying amount of RMB42,812,000 (equivalent to approximately HK\$47,572,000);
 - 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 (“New Century”), Ms Zhu Fenglian (“Ms. Zhu”) and her spouse: and
 - ix. guarantee by the non-controlling shareholders of subsidiaries and business associate.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

14. BANK BORROWINGS (CONTINUED)

Notes:– (Continued)

At 30 June 2025, these banking facilities were secured by:–

- i. charge over a time deposit amounting to USD10,570,000 (equivalent to approximately HK\$82,084,000);
- ii. charges over a land use right under service concession arrangement with aggregate carrying amounts of RMB396,000 (equivalent to approximately HK\$434,000);
- iii. charges over the investment properties with carrying amounts of RMB472,000,000 (equivalent to approximately HK\$508,300,000);
- iv. pledge of trade receivables with a carrying amount of RMB36,971,000 (equivalent to approximately HK\$40,513,000);
- v. pledge of 100% equity interest in Qingyuan Water Supply Development Company Limited;
- vi. pledge of 100% equity interest in Qingyuan Qingxin District Taihe Water Company Limited;
- vii. pledge of 100% equity interest in Guangzhou Hengxin Yuxuan Industrial Development Limited;
- viii. guarantee by Guangzhou Yicheng Investment Holdings Limited, Qinghui Properties Limited and Qingyuan Qingxin District Huike Properties Company Limited, all being subsidiaries of the Group;
- ix. guarantee by New Century, Ms. Zhu and her spouse; and
- x. guarantee by the non-controlling shareholders of subsidiaries and its business associate.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

15. SHARE CAPITAL

	Number of shares	HK\$'000
Share capital		
Ordinary share of HK\$0.01 each		
Authorised:-		
At 1 January 2024 (audited), 30 June 2025 (audited), 1 July 2025 (audited) and at 31 December 2025 (unaudited)	20,000,000,000	200,000
Issued and fully paid:-		
At 1 January 2024 (audited), 30 June 2025 (audited), 1 July 2025 (audited) and at 31 December 2025 (unaudited)	5,513,000,000	55,130

16. CAPITAL COMMITMENTS

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

	At 31 December 2025 (Unaudited) HK\$'000	At 30 June 2025 (Audited) HK\$'000
Property, plant and equipment	12,261	12,386

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2025

17. RELATED PARTY TRANSACTIONS

(a) Transaction with related party of the Group

The Group had transactions with its related party during the period as follows:-

Particulars	Relationship	Six months ended 31 December	
		2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Rental income	Common shareholder	287	287

(b) Key management compensation

	Six months ended 31 December	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Fees for key management personnel	690	690
Salaries, allowances and other benefits in kind	3,240	3,240
Pension scheme contributions	18	18
	3,948	3,948

18. CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no material contingent liabilities.

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS

Business Review

For the six months ended 31 December 2025 (the “**Period**”), the Group was primarily engaged in the business of water supply and related services, property investment and development, and financial services. Revenue from the principal business amounted to approximately HK\$172,924,000, representing a decrease of 6.02% or approximately HK\$11,076,000 as compared to the revenue of approximately HK\$184,000,000 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\$157,133,000, representing a decrease of 9.39% or approximately HK\$16,275,000 as compared with the revenue of approximately HK\$173,408,000 for the corresponding period last year, mainly due to the decrease in water supply related installation, construction and maintenance income during the Period.

The property investment and development business of the Group mainly comprises the rental operation of the Group’s commercial properties in Guangzhou. For the six months ended 31 December 2025, the property investment and development segment of the Group recorded a revenue of approximately HK\$15,628,000, representing an increase of approximately HK\$5,102,000 as compared with the revenue of approximately HK\$10,526,000 for the corresponding period last year. The increase in rental income was driven by a resurgence in market recovery and improved consumer sentiment, leading to heightened foot traffic and a lower vacancy rate in shopping malls in 2025.

The financial services business of the Group mainly comprises the provision of corporate finance advisory, asset management, margin financing and stockbroking services. For the six months ended 31 December 2025, the financial services segment of the Group recorded revenue of approximately HK\$163,000, representing an increase of 146.97% as compared with approximately HK\$66,000 for the corresponding period last year. The increase in revenue in the financial services business was due to the increase in corporate consulting income during the Period.

Management Discussion and Analysis (continued)

BUSINESS REVIEW AND PROSPECTS (CONTINUED)

Business Review (continued)

For the six months ended 31 December 2025, the Group recorded a net loss attributable to shareholders of the Company of approximately HK\$49,311,000, representing an increase of approximately HK\$20,779,000 or 72.83% compared with the net loss attributable to shareholders of approximately HK\$28,532,000 for the corresponding period last year. Such increase was mainly due to: (a) compensation loss and other charges during the Period, principally resulted from default interest awarded by the Court in judgments rendered in respect of litigations with the Government-designated Water Plant; and (b) an increase in the PRC enterprise income tax expense, principally resulted from an updated assessment carried out by the tax authority of Qingyuan City and notified to Qingyuan Water Supply Development Company Limited ("**WSD Company**") in the second half of 2025.

During the Period, the Group recognised the importance of corporate responsibility and environmental, social and governance beyond business development. The Group was committed to enhancing its corporate culture, standards of corporate governance, system efficiency, brand and human resource planning and internal control standards, and setting key performance indicators with the aim of improving its competitiveness and long-term shareholder returns. As part of its environmental, social and governance initiatives, the Group also paid attention to talent training, with a view to enhance the knowledge and experience of employees. We provide training and career paths for employees to develop their potentials and skills and provide incentive programs to motivate and retain talents as well as to foster a sense of belonging, so as to promote the sustainable development of the Group.

Management Discussion and Analysis (continued)

BUSINESS REVIEW AND PROSPECTS (CONTINUED)

Prospects

Looking ahead, the global landscape in 2026 is anticipated to be complex and volatile, presenting a year fraught with challenges. Amidst uncertainties such as weak market demand and the impact of political instability, the international economy is undergoing accelerated adjustment. Whilst China's economic growth has slowed under these influences, the Group remains committed to its overarching strategy of 'prioritising growth, reducing losses, and restructuring'. The Group will closely monitor the situation, maintain a cautious approach, strictly adhere to cost control as well as regularly evaluate its business strategies in order to improve the Group's business operations and financial position. Concurrently, the Group has engaged in discussions with interested buyers to explore the possibility of divesting certain (but not all) subsidiaries involved in the Group's water supply operations. We will also continue to pursue the restructuring of its subsidiaries through negotiations with suppliers, while maintaining robust business relationships with its banks. The Group will continue to focus on its property investment and development business, which provide a stable source of income for the Group. The Group will also continue to explore potential investment and development opportunities in property projects with good potential in China and overseas to diversify business and create new revenue streams to achieve sustainable growth.

Management Discussion and Analysis (continued)

FINANCIAL OVERVIEW

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

During the six months ended 31 December 2025, the Group recorded a revenue of approximately HK\$172,924,000, representing a decrease of 6.02% or approximately HK\$11,076,000 as compared to the corresponding period last year. The decrease in revenue was mainly due to the decrease in the income of the Group's water supply and related business. The net loss attributable to shareholders of the Company for the six months ended 31 December 2025 was approximately HK\$49,311,000, representing an increase of approximately HK\$20,779,000 or 72.83% as compared to the corresponding period last year. Such increase was mainly due to: (a) compensation loss and other charges during the Period, principally resulted from default interest awarded by the Court in judgments rendered in respect of litigations with the Government-designated Water Plant; and (b) an increase in the PRC enterprise income tax expense, principally resulted from an updated assessment carried out by the tax authority of Qingyuan City and notified to WSD Company in the second half of 2025.

Cost of revenue

During the six months ended 31 December 2025, the Group recorded a cost of revenue in the amount of approximately HK\$167,055,000, representing a decrease of approximately HK\$1,764,000 as compared to the corresponding period last year. The decrease in cost of revenue was mainly attributable to the decrease of cost of sales/services rendered of the Group's businesses of water supply and related services and property investment and development business.

Management Discussion and Analysis (continued)

FINANCIAL OVERVIEW (CONTINUED)

Other income and (losses)/gains, net

Other income and (losses)/gains, net consist of interest on bank deposits, interest on loans receivable, other miscellaneous income, exchange (loss)/gain, compensation loss and other charges.

During the six months ended 31 December 2025, the Group recorded other losses, net of approximately HK\$27,547,000, in contrast to the other income and gains, net of HK\$8,364,000 in the corresponding period last year. It was mainly due to an increase in compensation loss and other charges and net exchange losses during the Period.

General and administrative expenses

During the six months ended 31 December 2025, the Group recorded general and administrative expenses of approximately HK\$38,976,000, which is similar to the figure recognized in the corresponding period last year.

Share of loss of a joint venture

During the six months ended 31 December 2025, the Group recorded a share of loss of a joint venture of HK\$55,000, representing a decrease of approximately HK\$2,383,000 as compared to the corresponding period last year. It was mainly attributable to the loss from a joint venture during the Period.

Finance costs

During the six months ended 31 December 2025, the Group recorded finance costs of approximately HK\$17,228,000, representing a decrease of finance costs of approximately HK\$2,571,000 as compared to the corresponding period last year. It was mainly due to the partial repayment of bank loans by the Group during the Period.

Management Discussion and Analysis (continued)

FINANCIAL OVERVIEW (CONTINUED)

Income tax expense

During the six months ended 31 December 2025, the Group recorded an income tax expense of approximately HK\$20,402,000, representing an increase of income tax expense of approximately HK\$18,067,000 as compared to the corresponding period last year. It was mainly due to the increase of PRC enterprise income tax resulted from updated assessment by tax authority during the Period.

Property, plant and equipment

The Group's property, plant and equipment increased by approximately HK\$9,433,000 from approximately HK\$292,275,000 as at 30 June 2025 to approximately HK\$301,708,000 as at 31 December 2025. The increase was mainly attributable to: (a) the additions to property, plant and equipment; and (b) the increase in the Group's RMB-denominated property, plant and equipment resulted from the appreciation of RMB against HK\$ during the Period.

Investment properties

The Group's investment properties decreased by approximately HK\$18,331,000 from approximately HK\$562,360,000 as at 30 June 2025 to approximately HK\$544,029,000 as at 31 December 2025. It was mainly attributable to the disposal of an investment property during the Period.

Right-of-use assets

The Group's right-of-use assets decreased by approximately HK\$3,980,000 from approximately HK\$55,839,000 as at 30 June 2025 to approximately HK\$51,859,000 as at 31 December 2025. The decrease was mainly attributable to the depreciation charge during the Period.

Management Discussion and Analysis (continued)

FINANCIAL OVERVIEW (CONTINUED)

Interest in a joint venture

The Group's interest in a joint venture increased by approximately HK\$2,902,000 from approximately HK\$210,692,000 as at 30 June 2025 to approximately HK\$213,594,000 as at 31 December 2025. It was mainly attributable to the increase in the Group's RMB-denominated interest in a joint venture resulted from the appreciation of RMB against HK\$ during the Period.

Intangible assets

The Group's intangible assets decreased by approximately HK\$14,550,000 from approximately HK\$55,464,000 as at 30 June 2025 to approximately HK\$40,914,000 as at 31 December 2025. The decrease was mainly due to the amortisation for the Period.

Deposit paid for acquisition of a subsidiary

The Group's deposit paid for acquisition of a subsidiary decreased by approximately HK\$25,768,000 from approximately HK\$25,768,000 as at 30 June 2025 to HK\$Nil as at 31 December 2025. The decrease was mainly due to the refund of deposit paid for acquisition of a subsidiary during the Period.

Deposits paid for acquisition of investment properties

The Group's deposits paid for acquisition of investment properties increased by approximately HK\$97,313,000 from approximately HK\$154,609,000 as at 30 June 2025 to approximately HK\$251,922,000 as at 31 December 2025. The increase was mainly due to the payment of refundable earnest money for the possible acquisition of property interests in the PRC during the Period as more particularly set out in the section headed "Significant investments, acquisitions and disposals" of this report.

Management Discussion and Analysis (continued)

FINANCIAL OVERVIEW (CONTINUED)

Inventories

The Group's inventories increased by approximately HK\$96,000 from approximately HK\$3,896,000 as at 30 June 2025 to approximately HK\$3,992,000 as at 31 December 2025. The increase was mainly due to the increase in the Group's RMB-denominated inventories resulting from the appreciation of RMB against HK\$ during the Period.

Properties under development

The Group's properties under development increased by approximately HK\$704,000 from approximately HK\$21,863,000 as at 30 June 2025 to approximately HK\$22,567,000 as at 31 December 2025. The increase was attributable to the properties under development located overseas.

Debtors

The Group's debtors increased by approximately HK\$7,130,000 or 17.45% from approximately HK\$40,849,000 as at 30 June 2025 to approximately HK\$47,979,000 as at 31 December 2025. The increase was mainly attributable to the longer settlement period by customers of the Group's property investment and development business.

Deposits, prepayments and other receivables

Deposits, prepayments and other receivables consist of utilities and deposits, prepayments, interest receivable, loan receivables and other receivables from independent third parties. Loan receivables are unsecured and interest-bearing at 4% per annum, and the remaining other receivables are unsecured and interest-free.

The Group's deposits, prepayments and other receivables decreased by approximately HK\$63,408,000 from approximately HK\$128,852,000 as at 30 June 2025 to approximately HK\$65,444,000 as at 31 December 2025. The decrease was mainly due to the repayment of loan receivables and other receivables from property investment and development in overseas.

Management Discussion and Analysis (continued)

FINANCIAL OVERVIEW (CONTINUED)

Cash and bank balances and fixed deposits

The Group's cash and bank balances and fixed deposits decreased by approximately HK\$95,493,000 from approximately HK\$231,691,000 as at 30 June 2025 to approximately HK\$136,198,000 as at 31 December 2025. The decrease in cash and bank balances and fixed deposits was mainly due to the freezing of bank accounts resulted from dispute and litigation with Government-designated Water Plant as detailed in the section headed "Litigation", causing the re-categorization of cash and bank balances to restricted bank deposits. As at 31 December 2025, 52% (30 June 2025: 84%) of the cash and bank balances was denominated in RMB.

Pledged time deposits

The Group's pledged time deposits decreased by approximately HK\$82,084,000 from approximately HK\$82,084,000 as at 30 June 2025 to HK\$Nil as at 31 December 2025. The decrease was mainly due to the repayment of bank loans during the Period.

Bank borrowings

The Group's bank borrowings decreased by approximately HK\$78,007,000 from approximately HK\$742,361,000 as at 30 June 2025 to approximately HK\$664,354,000 as at 31 December 2025. The decrease was mainly attributable to the partial repayment of bank loans during the Period.

Trade payables

The Group's trade payables increased by approximately HK\$29,379,000 from approximately HK\$500,172,000 as at 30 June 2025 to approximately HK\$529,551,000 as at 31 December 2025. The increase in trade payables was due to the increase in provision of costs of water supply.

Payable to merchants

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

Management Discussion and Analysis (continued)

FINANCIAL OVERVIEW (CONTINUED)

Deposits received, other payables and accruals

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

The Group's deposits received, other payables and accruals increased by approximately HK\$79,359,000 from approximately HK\$235,886,000 as at 30 June 2025 to approximately HK\$315,245,000 as at 31 December 2025. The increase was mainly attributable to the increase in provision for maintenance costs and construction fee payable for the Group's water supply business during the Period.

Contract liabilities

The Group's contract liabilities increased by approximately HK\$3,590,000 from approximately HK\$24,946,000 as at 30 June 2025 to approximately HK\$28,536,000 as at 31 December 2025. The increase was mainly due to the decrease in recognising contract liabilities as contract income of the Group's water supply and related business during the Period.

Lease liabilities

The Group's lease liabilities decreased by approximately HK\$3,575,000 from approximately HK\$39,269,000 as at 30 June 2025 to approximately HK\$35,694,000 as at 31 December 2025. The decrease was in line with the decrease in right-of-use assets.

Amount due to a related company

The Group's amount due to a related company increased by approximately HK\$103,000 from HK\$Nil as at 30 June 2025 to HK\$103,000 as at 31 December 2025. The amounts represent advances from a related company. The advances are unsecured, interest-free and repayable on demand.

Management Discussion and Analysis (continued)

FINANCIAL OVERVIEW (CONTINUED)

Tax payable

The Group's tax payable increased by approximately HK\$24,199,000 from approximately HK\$2,797,000 as at 30 June 2025 to approximately HK\$26,996,000 as at 31 December 2025. Such increase was due to the increase in income tax expense during the Period.

Liquidity and financial resources

As at 31 December 2025, the Group had net current liabilities of approximately HK\$538,965,000. Current assets comprised properties under development of approximately HK\$22,567,000, inventories of approximately HK\$3,992,000, debtors of approximately HK\$47,979,000, deposits, prepayments and other receivables of approximately HK\$65,444,000, fixed deposits of approximately HK\$47,064,000, restricted bank deposits of approximately HK\$134,445,000 and cash and bank balances of approximately HK\$89,134,000. Certain bank accounts of WSD Company were restricted as a result of ongoing dispute and litigation, and judgment(s) awarded by the Court in favour of Government-designated Water Plant as disclosed in the section headed "Litigation" of this report.

Current liabilities comprised bank and other borrowings of approximately HK\$38,211,000, trade payables of approximately HK\$529,551,000, payable to merchants of approximately HK\$3,006,000, deposits received, other payables and accruals of approximately HK\$315,245,000, contract liabilities of approximately HK\$28,536,000, lease liabilities of approximately HK\$7,942,000, tax payable of approximately HK\$26,996,000 and amount due to a related company of approximately HK\$103,000.

The gearing ratio (defined as the percentage ratio of the total liabilities, excluding deferred tax liabilities, over the total assets, excluding deferred tax assets) of the Group as at 31 December 2025 was 88% (30 June 2025: 83%).

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

Management Discussion and Analysis (continued)

EMPLOYEES

As at 31 December 2025, the total number of employees of the Group was 414 (30 June 2025: 412). The remuneration of the employees (including directors) was determined according to their performance and work experience. In addition to basic salaries, discretionary bonuses or share awards may be granted to eligible employees by reference to the Group's performance as well as the individual's performance. The Group also provides social security benefits to its staff such as Mandatory Provident Fund Scheme in Hong Kong and the central pension scheme in the PRC.

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

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

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

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

Management Discussion and Analysis (continued)

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS (CONTINUED)

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

On 31 December 2024, General Office, Guangdong Provincial Committee of the Communist Party of China (as landlord) and Guangzhou Hengxin Yuxuan Industrial Development Limited (as tenant), an indirect wholly-owned subsidiary of the Company, entered into a lease agreement (the “**Lease Agreement**”) in respect of the leasing of the Premises. The leasing of the Premises was for a term of 5 years commencing on 1 January 2025 with the first six months being rent-free period. The monthly rent for the first year (after the rent-free period) is RMB686,712 (HK\$730,675), and thereafter subject to 3% annual increment for the second to fifth years.

In accordance with HKFRS 16, the entering into and performance of the Lease Agreement will result in the Group having to recognize a right-of-use asset in relation to the Premises in its consolidated statement of financial position, which is measured at the present value of the total rent payable, plus costs, and discounted by borrowing rate. The value of such right-of-use asset expected to be recognized by the Company as a result of the lease of the Premises under the Lease Agreement is expected to be approximately RMB33,822,000 (equivalent to approximately HK\$36,561,000).

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

Management Discussion and Analysis (continued)

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS (CONTINUED)

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

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

Save as disclosed above, the Group had no significant investments, acquisitions and disposals during the six months ended 31 December 2025.

Management Discussion and Analysis (continued)

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group had capital expenditure contracted but not provided for in respect of property, plant and equipment in the amount of approximately HK\$12,261,000 as at 31 December 2025.

The Board considers that the Group's existing financial resources are sufficient to fulfill its current commitments and working capital requirements, and the Group should be able to fund its foreseeable expenditures through cash flows from operations. Save for the said capital commitments and the possible acquisitions as detailed in the section headed "Significant Investments, Acquisitions and Disposals" above, there was no other future plan for material investments or capital assets for the six months ended 31 December 2025. If the Group launches any massive scale of expansion, development, investment or acquisition, additional debt or equity financing may be required. The Company will only consider raising additional debt or equity to finance its expansion, development, investment or acquisition if it is in the best interests of the Company and its shareholders to do so. When negotiating the terms of the possible acquisitions, the Company would consider settling the acquisition consideration partly or fully by debt or equity. Up to the date of this report, no legally binding agreement has been entered into in respect of any acquisitions. Further announcement(s) will be made as and when any disclosure obligation is triggered by material development of these acquisitions.

Management Discussion and Analysis (continued)

CHARGES ON GROUP'S ASSETS

The Group's bank loans as at 31 December 2025 were secured by:-

- i. charges over a land use right under service concession arrangement with aggregate carrying amounts of RMB396,000 (equivalent to approximately HK\$440,000);
- ii. charges over the investment properties with carrying amounts of RMB472,000,000 (equivalent to approximately HK\$525,000,000);
- iii. pledge of trade receivables with a carrying amount of RMB42,812,000 (equivalent to approximately HK\$47,572,000);
- 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 ("**New Century**"), Ms Zhu Fenglian ("**Ms. Zhu**") and her spouse; and
- ix. guarantee by the non-controlling shareholders of subsidiaries and business associate.

Management Discussion and Analysis (continued)

CURRENCY RISK

The Group's core businesses are mainly transacted and settled in Renminbi ("RMB") and the majority of assets and liabilities are denominated in RMB and Hong Kong dollars ("HK\$"). There are no significant assets and liabilities denominated in other currencies. For the six months ended 31 December 2025, the Group did not enter into any arrangements to hedge its foreign currency exposure. Any material fluctuation in the exchange rates of HK\$ or RMB may have an impact on the operating results of the Group.

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

CAPITAL COMMITMENT

As at 31 December 2025, the Group had capital commitments contracted but not provided for in the amount of approximately HK\$12,261,000 (30 June 2025: approximately HK\$12,386,000) comprising acquisition of property, plant and equipment which is in connection with the capital expenditures of the Group's water supply and related business.

CONTINGENT LIABILITIES

The Directors consider that the Group had no contingent liabilities as at 31 December 2025.

Management Discussion and Analysis (continued)

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

Pursuant to Rule 13.51B of the Listing Rules, the changes in the information of the Directors during the six months ended 31 December 2025 and up to the date of this report are as follows:

1. Mr. David Tsoi resigned as an independent non-executive director of Everbright Grand China Assets Limited (stock code: 3699) with effect from 19 November 2025, and retired as an independent non-executive director, chairman of Audit Committee and member of the Nomination Committee and Remuneration Committee of the Company with effect from 31 December 2025.
2. Ms. Zhu Fenglian has been appointed as a member of the nomination committee of the Company with effect from 1 July 2025.

LITIGATION

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

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

Management Discussion and Analysis (continued)

LITIGATION (CONTINUED)

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

In August and September 2024, the Group received civil judgments from the Intermediate People’s Court of Qingyuan, Guangdong Province, notifying the Group that the Group’s View was disagreed by the Court and ordering the WSD Company to pay water charges, plus overdue interest accruing at the rate of 1-year term loan market quoted interest rate, litigation and related charges (the “**Ancillary Charges**”), to the Government-designated Water Plant. Up to 31 December 2025, WSD Company received five writs of civil claims from the Government-designated Water Plant for total alleged water costs of approximately RMB483.3 million, plus total alleged Ancillary Charges of approximately RMB39.1 million, of which approximately RMB169.1 million was already settled. However, as explained above, the Group has made provision of water costs regardless of the stage of dispute/litigation with Government-designated Water Plant, on the basis of estimation adjusted from time to time according to Court judgments. Regarding the cases for which final civil judgments were rendered by the Court, the Company will continue to seek legal advice including without limitation as regards the reasonableness of water unit charges, interest rate and accruing period. Regarding the cases for which final civil judgments were yet to be rendered, the Group will continue to seek legal advice to uphold its position, and/or take other actions as may be appropriate in the circumstances. Certain bank accounts of WSD Company were frozen as a result of the dispute/litigation with Government-designated Water Plant. As at 31 December 2025, the Group had restricted bank deposits of approximately HK\$134,445,000.

Other Information

CHANGE OF BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

CHANGE OF FINANCIAL YEAR END DATE

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

NO COMPETITION OR CONFLICT OF INTERESTS

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

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

As at 31 December 2025, the interests or short positions of the directors and chief executives or their associates of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "**SFO**") which (i) are notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) are notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Listing Rules, were as follows:

Other Information (continued)

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

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 (note 1)	-	1,561,140,000	1,561,140,000	-	1,561,140,000	28.32%

Notes:

- Ms. Zhu is deemed to be interested in the 1,561,140,000 shares attributable to Ms. Zhu and her controlled corporation, Affluent Vast Holdings Limited ("**Affluent Vast**"), Ever City Industrial Development Limited ("**Ever City**") and Eastcorp International Limited ("**Eastcorp**"). For the details of the deemed interest of Ms. Zhu, Affluent Vast and Ever City, please refer to Note 1 to the section headed "Persons who have an Interest or a Short Position which is Discloseable under Divisions 2 and 3 of Part XV of the SFO and Substantial Shareholding".
- There were no debt securities nor debentures issued by the Group at any time during the twelve months ended 31 December 2025.

Save as disclosed above, so far as the directors are aware, as at 31 December 2025, none of the directors or chief executives or their associates of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) are notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) are notified to the Company and the Stock Exchange pursuant to Model Code.

Other Information (continued)

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

So far as is known to any director or chief executive of the Company, as at 31 December 2025, persons who have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Company were as follows:

LONG POSITIONS IN THE SHARES OF THE COMPANY

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

Other Information (continued)

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

LONG POSITIONS IN THE SHARES OF THE COMPANY (continued)

Notes:

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

Save as disclosed above, so far as is known to any Director or chief executive of the Company, as at 31 December 2025, no other persons had notified the Company of any interest or short position in the shares or underlying shares of equity derivatives of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or any direct or indirect interest in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Company.

Save as disclosed under the sections headed “Directors’ and chief executives’ interests or short positions in shares, underlying shares and debentures” and “Persons who have an interest or a short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholding” above, as at 31 December 2025, no other person was individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at a general meeting of the Company and was able, as a practical matter, to direct or influence the management of the Company.

Other Information (continued)

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

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

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

SHARE OPTION SCHEMES

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

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

Other Information (continued)

SHARE AWARD SCHEME

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

1. Purpose of the Share Award Scheme

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

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

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

Other Information (continued)

SHARE AWARD SCHEME (CONTINUED)

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

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

3. Total number of shares available for awards

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

4. Maximum entitlement of each participant

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

Other Information (continued)

SHARE AWARD SCHEME (CONTINUED)

4. Maximum entitlement of each participant (continued)

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

5. Remaining life of the Share Award Scheme

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

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

As of 1 July 2025, 31 December 2025 and the date of this interim report, the total number of shares available for grant under the scheme mandate and available for issue under the Share Award Scheme were 551,300,000 shares, representing 10.0% of the issued share capital of the Company. No service provider sub-limit was set under the Share Award Scheme. No consideration is payable by the eligible person on application or acceptance of an award under the Share Award Scheme.

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

Other Information (continued)

SHARE AWARD SCHEME (CONTINUED)

For the six months ended 31 December 2025, the Group purchased 3,980,000 (six months ended 31 December 2024: 5,980,000) shares through the trustee of the Share Award Scheme from the open market at the aggregate consideration of HK\$586,000 (six months ended 31 December 2024: HK\$851,000), 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 14 to the unaudited condensed consolidated financial statements, as at and throughout the Period, the Group had certain banking facilities which were not only secured by land charges, and investment properties, pledge of trade receivables, pledge of equity interest in the Group's subsidiaries and intra-group corporate guarantees, but also guaranteed by the following connected persons or associates of the Company (the "**Guarantee by CP**"), namely: New Century, Ms. Zhu and her spouse, and the non-controlling shareholders of subsidiaries. Since the Guarantee by CP is conducted on normal commercial terms or better to the Company, no consideration is required to be paid by the Company for the Guarantee by CP and the Guarantee by CP is not secured by any assets of the Company or its subsidiaries, the Guarantee by CP is fully exempt under Rule 14A.90 from all disclosure, annual review, circular and shareholders' approval requirements of the Listing Rules.

Other Information (continued)

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

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

Other Information (continued)

CORPORATE GOVERNANCE CODE

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

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

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

Other Information (continued)

NON-COMPLIANCE OF THE LISTING RULES

Mr. Tsoi retired as an independent non-executive director, chairman of Audit Committee and member of the Nomination Committee and Remuneration Committee of the Company with effect from 31 December 2025, as a result of which, (i) the number of independent non-executive directors (“INEDs”) has fallen short of the minimum requirement of three as prescribed under Rule 3.10(1) of the Listing Rules; (ii) the Board does not have at least one INED having appropriate professional qualifications or accounting or related financial management expertise (the “**INED with Financial Qualification**”) as required under Rule 3.10(2) of the Listing Rules; (iii) the number of Audit Committee members has fallen short of the minimum requirement of three as prescribed under Rule 3.21 of the Listing Rules; (iv) the Audit Committee does not have at least one INED with Financial Qualification as required under Rule 3.21 of the Listing Rules; (v) the chair of the Audit Committee is temporarily vacant, resulting in the Audit Committee not being chaired by an INED as required under Rule 3.21 of the Listing Rules; and (vi) the Nomination Committee does not comprise a majority of INEDs as required under Rule 3.27A of the Listing Rules.

The Company considers that the failure to meet the rule requirements above is temporary in nature, and is in the process of identifying suitable candidate(s) to fill the vacancy to ensure re-compliance of the relevant rules as soon as practicable but in any event within three months from the first date of non-compliance.

DIRECTORS’ SECURITIES TRANSACTIONS

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

Having made specific enquiry of all directors, the directors have complied with the above-mentioned required standards of dealings regarding directors’ securities transactions throughout the six months ended 31 December 2025.

Other Information (continued)

DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 31 December 2025 (six months ended 31 December 2024: Nil).

AUDIT COMMITTEE

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

During the Period, the Audit Committee comprised three Independent Non-Executive Directors, namely, Mr. David Tsoi, Mr. Yeung Kin Chung Clifton, M.H. and Mr. Chao Pao Shu George, of which Mr. David Tsoi possessed recognised professional qualifications in accounting and acted as the chairman of the Audit Committee. With the retirement of Mr. David Tsoi effective 31 December 2025, the number of Audit Committee members has fallen short of the minimum requirement of three as prescribed under Rule 3.21 of the Listing Rules, and the Audit Committee does not have at least one INED with Financial Qualification as required under Rule 3.21 of the Listing Rules. Further, the chair of the Audit Committee is temporarily vacant, resulting in the Audit Committee not being chaired by an INED as required under Rule 3.21 of the Listing Rules. The Company considers that the failure to meet the rule requirements above is temporary in nature, and is in the process of identifying suitable candidate(s) to fill the vacancy to ensure re-compliance of the relevant rules as soon as practicable but in any event within three months from the first date of non-compliance.

Other Information (continued)

AUDIT COMMITTEE (CONTINUED)

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, and discussed with the Board and the management on the internal controls, risk management and financial reporting matters.

The interim financial report for the six months ended 31 December 2025 is unaudited and has been reviewed by the Audit Committee.

PUBLICATION OF 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).

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

Hong Kong, 27 February 2026

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