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中國水業集團有限公司*
CHINA WATER INDUSTRY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1129)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2025	2024	Change
	HK$'000	*HK$'000*	*%*
Financial Result			
Revenue	**233,835**	536,631	(56.43)
Gross Profit	**4,467**	87,125	(94.87)
Loss for the year	**(300,511)**	(334,025)	(10.03)
Loss attributable to owners of the Company	**(276,023)**	(322,282)	(14.35)
Loss per share (HK cents) — Basic and diluted	**(47.56)**	(110.99)	(57.15)
EBITDA *(Note)*	**(139,414)**	(80,144)	73.95

	2025	2024
	HK$'000	*HK$'000*
Financial Position		
Gearing ratio	**56.56%**	54.51%
Current ratio	**0.93 times**	1.25 times
Bank balances and cash	**42,168**	45,156
Net asset value	**876,121**	1,055,032
Equity attributable to owners of the Company	**646,886**	796,204
Equity attributable to owners of the Company per outstanding share (HK$)	**1.02**	2.77

Note: Loss before finance costs, income tax, depreciation and amortisation.

The board (the "**Board**") of Directors (the "**Directors**") of China Water Industry Group Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2025 together with comparative figures for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Note	**2025** *HK$'000*	2024 *HK$'000*
Revenue	*3*	**233,835**	536,631
Cost of sales and services rendered		**(229,368)**	(449,506)
Gross profit		**4,467**	87,125
Other operating income/(expenses), net		**15,812**	(4,780)
Gain on disposal of subsidiaries		**–**	43,143
Selling and distribution expenses		**(3,039)**	(29,061)
Administrative expenses		**(121,153)**	(173,144)
Finance costs	*5*	**(47,998)**	(53,606)
Fair value loss on investment properties		**(18,535)**	(14,490)
Net (loss)/gain on financial assets at fair value through profit or loss		**(1,332)**	382
(Impairment loss)/reversal of impairment loss recognised on:			
property, plant and equipment		**(42,878)**	(62,599)
goodwill		**(6,067)**	(21,737)
concession intangible assets		**(297)**	(1,333)
other intangible assets		**(5,181)**	(9,862)
trade and other receivables, net		**718**	(14,210)
right-of-use assets		**(31,637)**	(50,760)
deposits paid		**(50,572)**	–
Share of profit/(loss) of associates, net		**1,133**	(47)
Share of profit of joint ventures		**–**	131
Loss before taxation		**(306,559)**	(304,848)
Income tax credit/(expense)	*6*	**6,048**	(29,177)
Loss for the year		**(300,511)**	(334,025)
Attributable to:			
Owners of the Company		**(276,023)**	(322,282)
Non-controlling interests		**(24,488)**	(11,743)
		(300,511)	(334,025)
		HK cents	*HK cents* (restated)
Loss per share:	*8*		
Basic and diluted		**(47.56)**	(110.99)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025	2024
	HK$'000	*HK$'000*
Loss for the year	**(300,511)**	(334,025)
Other comprehensive loss for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations		
Exchange differences arising during the year	**18,988**	(20,764)
Share of other comprehensive income/(loss) of associates	**51**	(5)
Share of other comprehensive income of joint ventures	**–**	111
Reclassification adjustment of cumulative translation reserve upon disposal of subsidiaries	**–**	5,204
Reclassification adjustment of cumulative translation reserve upon disposal of an associate	**–**	(8)
Reclassification adjustment of cumulative translation reserve upon disposal of a joint venture	**–**	223
	19,039	(15,239)
Item that will not be reclassified to profit or loss:		
Fair value gain on financial assets at fair value through other comprehensive income	**5,163**	763
Other comprehensive income/(loss) for the year, net of income tax	**24,202**	(14,476)
Total comprehensive loss for the year	**(276,309)**	(348,501)
Attributable to:		
Owners of the Company	**(253,135)**	(333,183)
Non-controlling interests	**(23,174)**	(15,318)
	(276,309)	(348,501)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Note	**2025**	2024
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**385,381**	446,588
Deposits paid for acquisition of property, plant and equipment		**76,910**	130,236
Deposits paid for acquisition of additional interests in a subsidiary		**38,763**	55,878
Right-of-use assets		**116,572**	193,057
Operating concessions		**191,005**	210,403
Receivables under service concession arrangements		**5,209**	6,587
Investment properties		**160,662**	175,052
Other intangible assets		**55,158**	81,643
Financial assets at fair value through other comprehensive income		**538**	2,633
Interests in an associate		**2,564**	1,380
Refundable rental deposits	*9*	**5,134**	9,915
Deferred tax assets		**5,655**	5,612
		1,043,551	1,318,984
Current assets			
Inventories		**48,037**	57,589
Receivables under service concession arrangements		**1,544**	1,769
Financial assets at fair value through profit or loss		**10,207**	11,274
Trade and other receivables	*9*	**869,509**	883,809
Contract assets		**1,690**	590
Cash held by financial institutions		**174**	162
Pledged bank deposits		**20,334**	20,334
Restricted bank deposits		**2,344**	3,236
Cash and cash equivalents		**19,316**	21,424
		973,155	1,000,187

	Note	2025 HK$'000	2024 HK$'000
Current liabilities			
Trade and other payables	*10*	**390,320**	359,523
Contract liabilities		**26,393**	22,374
Bank borrowings		**342,445**	107,755
Other loans		**121,035**	137,153
Lease liabilities		**149,900**	157,166
Amounts due to non-controlling interests of subsidiaries		**812**	1,598
Amount due to an associate		**478**	233
Income tax payables		**16,642**	16,459
		1,048,025	802,261
Net current (liabilities)/assets		**(74,870)**	197,926
Total assets less current liabilities		**968,681**	1,516,910
Capital and reserves			
Share capital		**63,219**	28,736
Share premium and reserves		**583,667**	767,468
Equity attributable to owners of the Company		**646,886**	796,204
Non-controlling interests		**229,235**	258,828
TOTAL EQUITY		**876,121**	1,055,032
Non-current liabilities			
Trade and other payables	*10*	**25,945**	26,226
Bank borrowings		**–**	257,058
Other loans		**–**	61,084
Lease liabilities		**47,629**	86,885
Government grants		**403**	1,179
Deferred tax liabilities		**18,583**	29,446
		92,560	461,878
		968,681	1,516,910

1. GENERAL

China Water Industry Group Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its principal place of business is located at Office H, 8/F., Kingston International Centre, 19 Wang Chiu Road, Kowloon Bay, Hong Kong. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the "**Group**"). Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"). Other than those subsidiaries established in the People's Republic of China (the "**PRC**") and Indonesia, whose functional currency is Renminbi ("**RMB**") and Rupiah respectively, the functional currency of the Company and its subsidiaries is HK$.

The Group is principally engaged in (i) provision of sewage treatment and related construction services; (ii) exploitation and sales of renewable energy; (iii) property investment and development and (iv) waste management and recycling.

Going concern basis

During the year ended 31 December 2025, the Group incurred a net loss of HK$300,511,000. As at 31 December 2025, the Group had net current liabilities of HK$74,870,000. The current liabilities of the Group included bank borrowings of approximately HK$278,641,000, other loans of approximately HK$72,940,000 and lease liabilities of approximately HK$125,570,000 which had been past due or at default at 31 December 2025. In addition, other loans of approximately HK$3,878,000 fell due in February 2026.

During the year ended 31 December 2025, a winding-up petition (the "**Petition**") was filed against the Company on 17 November 2025 at the High Court of the Hong Kong Special Administrative Region (the "**Court**") by International Finance Corporation (the "**Petitioner**") in relation to the outstanding principal amount of a sum of RMB216,602,900 together with interest accrued thereon (the "**IFC Indebtedness**") under a loan agreement dated 20 May 2022 between New China Water (Nanjing) Renewable Resources Investment Company Limited* (新中水(南京)再生資源投資有限公司) ("**NCW**"), an indirect non-wholly-owned subsidiary of the Company, as amended and supplemented by a deed of amendment and accession dated 12 July 2023 between NCW and the Petitioner and a guarantee dated 20 May 2022 made by the Company in favour of the Petitioner.

On 19 November 2025, 25 November 2025, 6 March 2026 and 13 March 2026, the Company has received Notices of Intention to Appear on Petition by four individual creditors (the "**Supporting Creditors**"), respectively, for aggregate outstanding indebtedness of HK$9,012,000 together with interest accrued thereon owed by the Company to them, indicating their intention to appear on the hearing of the Petition for supporting the Petition of the Company. On 26 March 2026, 2 of the Supporting Creditors had transferred their interests in the indebtedness to a third party, and thus, ceased to be creditors of the Company.

As the Company is currently in amicable negotiations with the Petitioner in relation to the settlement of the IFC Indebtedness due to the Petitioner and is actively pursuing any possible settlement plans with the Supporting Creditors, the hearing of the Petition, originally scheduled on 21 January 2026 but adjourned to 11 February 2026 and 25 March 2026, was further adjourned to 29 April 2026.

The directors have given careful consideration of the future liquidity and operating performance of the Group and its available source of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern.

The directors of the Company are undertaking a number of plans and measures to improve the Group's liquidity and financial position, including, inter alia:

(i) engaging in ongoing negotiations with the Petitioner and the Supporting Creditors and will enter into a rescheduling deed (the "**Rescheduling Deed**") to extend the repayment schedule for the IFC Indebtedness. On 16 February 2026, NCW, as borrower, entered into a loan agreement (the "**Bridging Loan Agreement**") with an independent third party, as lender, pursuant to which the lender conditionally agreed to advance a loan in the principal amount of RMB118.0 million (equivalent to approximately HK$131.33 million) to NCW (the "**Bridging Loan**") at the interest rate of 10% per annum for the purpose of partial settlement of the IFC Indebtedness. NCW shall repay principal amount and the interest accrued within 90 days from the date of drawdown of the Bridging Loan.

(ii) on 16 February 2026, the Company as issuer entered into a conditional subscription agreement with five subscribers in relation to the subscription of the convertible bonds (the "**Convertible Bonds**") in the aggregate principal amount of up to HK$278.25 million (equivalent to approximately RMB250.0 million), which will be issued in five tranches with the subscription timetable of the Convertible Bonds to be aligned with the proposed repayment schedule of the IFC Indebtedness under the Rescheduling Deed. Each tranche of the Convertible Bonds will have the maturity on second anniversary of issue of respective tranche and will bear interest at rate of 10% per annum. The Convertible Bonds can be converted into the Company's ordinary shares at HK$0.308 per conversion share from the date of issue of the Convertible Bonds up to and including the date which is three days prior to the respective maturity date. An extraordinary general meeting of the Company will be held on 14 April 2026 for the Shareholders of the Company to consider and, if thought fit, approve the issue of the Convertible Bonds by the Company.

(iii) after the end of the reporting period, the Group obtained a standby loan facility of up to HK$400,000,000 from the substantial shareholder of the Company, covering a period up to 31 December 2029.

(iv) actively negotiating with the existing banks on the terms and financial covenants of loan agreements and communicating with banks on the renewal of existing bank loans and refinancing arrangements; and

(v) implementing measures to speed up the collection of outstanding receivables and implementing various strategies to enhance the Group's revenue and financial performance.

The directors have reviewed the cash flow projection of the Group prepared by management covering a period of not less than twelve months from 31 December 2025. The directors of the Company are confident that, taking into account of the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next twelve months from 31 December 2025. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the plans and measures taken by management, material uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the followings:

- successfully rescheduling the IFC Indebtedness for extension of repayment schedule;

- successfully obtaining additional new sources of financing, as and when needed, from the lender of the Bridging Loan, from various subscribers of the Convertible Bonds proposed to be issued, and from the substantial shareholder of the Company which has agreed to provide a standby loan facility to the Company; and

- successfully negotiating with the existing banks on the renewal of existing bank loans and refinancing arrangements.

Should the Group fail to achieve the plans and measures as above-mentioned, it might not be able to meet its financial obligations as and when they fall due and to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

The Group has applied the following amendments to HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's financial annual period beginning on or after 1 January 2025, to the consolidated financial statements for the current accounting year:

Amendments to HKAS 21	Lack of Exchangeability

The Group has not applied any new standards and amendments to HKFRS Accounting Standards that are not yet mandatorily effective for the current accounting period. The application of the Amendments to HKAS 21 in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and on the disclosures set out in the consolidated financial statements.

3. REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or services lines is as follows:

	2025	2024
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15:		
Disaggregated by major products or service lines:		
Water supply services	**–**	83,091
Sewage treatment services	**57,275**	83,413
Water supply related installation and construction income	**–**	68,398
Water supply and sewage treatment infrastructure construction income	**92**	56,758
Sale of electricity	**95,675**	170,958
Sale of compressed natural gas	**7,090**	13,343
Service income from collection of landfill gas	**2,000**	1,679
Sale of solid organic fertilizer	**–**	5,206
Service income from collection and recycling of glass bottles	**42,494**	34,600
Service income from collection of food waste	**29,209**	19,185
	233,835	536,631

Sales of electricity to provincial power grid companies included tariff adjustment received and receivable from the relevant government authorities.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 4.

4. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the board of directors of the Company being the chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group has identified the following reportable segments:

(i) "Provision of sewage treatment and related construction services" segment, which derives revenues primarily from the provision of sewage treatment operations and related construction services;

(ii) "Exploitation and sale of renewable energy" segment, which derives revenues primarily from sales of electricity and compressed natural gas from biogas power plants and solid organic fertilizer from comprehensive utilisation of straw and livestock and poultry waste;

(iii) "Property investment and development" segment, which derives revenues primarily from sale of commercial and residential units; and

(iv) "Waste management and recycling" segment, which derives revenue primarily from services income from collection and recycling of glass bottles and service income from collection of food waste.

For the year ended 31 December 2024, the "Provision of sewage treatment and related construction services" segment included the water supply business which derived revenue from the provision of water supply services and related installation and construction income. The Group ceased the water supply business since September 2024.

Information regarding the Group's reportable segments as provided to the board of directors of the Company for the purposes of resource allocation and assessment of segment performance is set out below.

Segment revenue and results

Disaggregation of revenue from contracts with customers by the timing of revenue recognition as well as information regarding the Group's reportable and operating segments, are set out below.

For the year ended 31 December 2025

	Provision of sewage treatment and related construction services *HK$'000*	**Exploitation and sale of renewable energy** *HK$'000*	**Property investment and development** *HK$'000*	**Waste management and recycling** *HK$'000*	**Total** *HK$'000*
Reportable segment revenue					
Disaggregated by timing of revenue recognition:					
Point in time	**57,275**	**104,765**	**–**	**71,703**	**233,743**
Over time	**92**	**–**	**–**	**–**	**92**
Reportable segment revenue	**57,367**	**104,765**	**–**	**71,703**	**233,835**
Reportable segment profit/(loss)	**14,959**	**(209,543)**	**(20,784)**	**(965)**	**(216,333)**
Unallocated corporate expenses					**(35,069)**
Impairment loss on deposits paid					**(50,572)**
Interest income					**7**
Interest on fixed coupon bonds					**(3,260)**
Net loss on financial assets at fair value through profit or loss					**(1,332)**
Loss before taxation					**(306,559)**

For the year ended 31 December 2024

	Provision of water supply, sewage treatment and construction services *HK$'000*	Exploitation and sale of renewable energy *HK$'000*	Property investment and development *HK$'000*	Waste management and recycling *HK$'000*	Total *HK$'000*
Reportable segment revenue					
Disaggregated by timing of revenue recognition:					
Point in time	166,504	191,186	–	53,785	411,475
Over time	125,156	–	–	–	125,156
Reportable segment revenue	291,660	191,186	–	53,785	536,631
Reportable segment profit/(loss)	22,371	(269,533)	(21,720)	485	(268,397)
Unallocated corporate expenses					(77,852)
Interest income					34
Interest on fixed coupon bonds					(2,158)
Net gain on financial assets at fair value through profit or loss					382
Gain on disposal of subsidiaries					43,143
Loss before taxation					(304,848)

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

Segment revenue reported above represents revenue generated from external customers. There were no inter-segments sales in the current year (2024: Nil).

The measure used for reporting segment profit/loss is "adjusted profit/loss before tax". To arrive at adjusted profit/loss before tax, the Group's earnings/loss are further adjusted for items not specifically attributed to individual segments, such as change in fair value of financial assets at fair value through profit or loss, impairment loss on corporate assets, directors' and auditors' remuneration and other head office or corporate finance costs and administration costs.

5. FINANCE COSTS

	2025 *HK$'000*	2024 *HK$'000*
Interest on:		
— bank borrowings	**16,526**	20,282
— other loans	**14,300**	16,682
— lease liabilities	**17,172**	21,527
Total borrowing costs	**47,998**	58,491
Less: interest capitalised included in construction in progress	**–**	(4,885)
	47,998	53,606

Included in construction in progress under concession intangible assets and property, plant and equipment are interest capitalised during the year of approximately HK$Nil (2024: HK$4,885,000) at the capitalisation rate of Nil (2024: 6.52%) per annum.

6. INCOME TAX (CREDIT)/EXPENSE

	2025	2024
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
— Provision for the year	**–**	–
Current tax — PRC Enterprise Income Tax ("**EIT**")		
— Provision for the year	**4,584**	35,744
— Under-provision in respect of prior years	**379**	50
Deferred tax	**(11,011)**	(6,617)
	(6,048)	29,177

No provision for Hong Kong profits tax has been made for the years ended 31 December 2025 and 2024 as the Company and its subsidiaries did not have assessable profit subject to Hong Kong profits tax for these years.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. Accordingly, provision for PRC EIT for the PRC subsidiaries is calculated at 25% on the estimated assessable profits for both years, except disclosed as follows.

Certain subsidiaries of the Group, being engaged in provision of electricity supply and sales of renewable energy, under the EIT Law and its relevant regulations, are entitled to tax concession of 3-year full exemption and subsequent 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived.

7. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

8. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2025	2024
	HK$'000	*HK$'000* (restated)
Loss attributable to the owners of the Company, used in the basic and diluted loss per share	**(276,023)**	(322,282)
	No. of shares	No. of shares (restated)
Weighted average number of ordinary shares — basic and diluted	**580,348,187**	290,378,187
	HK cents	*HK cents* (restated)
Loss per share		
Basic and diluted	**(47.56)**	(110.99)

In accordance with HKAS 33, Earnings per Share, the Group adjusted the weighted average number of ordinary shares when calculating the adjusted basic and diluted loss per share in consideration of the factors relating to the rights issue.

For the years ended 31 December 2025 and 2024, diluted loss per share equals basic loss per share as there was no dilutive potential share.

9. TRADE AND OTHER RECEIVABLES

Trade and other receivables (including refundable rental deposits) of HK$874,643,000 (2024: HK$893,724,000) include trade receivables, net of loss allowances, of HK$774,886,000 (2024: HK$779,141,000).

The aging analysis of the trade receivables, net of loss allowances, as at the end of the reporting period, based on invoice date which approximates the respective revenue recognition date, is as follows:

	2025	2024
	HK$'000	*HK$'000*
Within 90 days	**38,015**	53,618
91 to 180 days	**16,281**	20,933
181 to 365 days	**29,860**	46,058
Over 1 year	**690,730**	658,532
	774,886	779,141

10. TRADE AND OTHER PAYABLES

Trade and other payables of HK$416,265,000 (2024: HK$385,749,000) include trade payables of HK$139,112,000 (2024: HK$143,779,000).

The aging analysis of the trade payables as at the end of the reporting period based on invoice date is as follows:

	2025	2024
	HK$'000	*HK$'000*
Within 30 days	**11,686**	10,852
31 to 90 days	**10,319**	8,161
91 to 180 days	**8,466**	7,785
181 to 365 days	**5,981**	29,268
Over 1 year *(note)*	**102,660**	87,713
	139,112	143,779

Note: Included balance of approximately HK$46,956,000 (2024: HK$50,393,000) which are long outstanding and involved in lawsuits.

11. CAPITAL COMMITMENTS

	2025	2024
	HK$'000	*HK$'000*
Contracted but not provided for in the consolidated financial statements:		
— Acquisition of concession intangible assets and property, plant and equipment	**–**	1,484

12. MATERIAL LITIGATIONS AND ARBITRATION

(a) Swift Surplus Holdings Limited, an indirect wholly-owned subsidiary of the Company, Sihui Sewage Treatment Co. Ltd.* and Top Vision Management Limited

On 21 August 2012, the Company and its subsidiary of Swift Surplus Holdings Limited ("**Swift Surplus**") (collectively as the "**Lenders**") entered into repayment agreements (the "**Repayment Agreements**") with the Sihui Sewage Treatment Co. Ltd.* (the "**Sihui Sewage**") (四會市城市污水處理有限公司) and Top Vision Management Limited ("**Top Vision**") (collectively as the "**Borrowers**") together with their respective guarantors, pursuant to which, the Borrowers shall repay to the Lenders the loan receivables of approximately HK$58.43 million together with interest accrued thereon (the "**Loan Receivables**"). HK$5.00 million of the Loan Receivables shall be repaid on or before 30 September 2012 and the remaining Loan Receivables shall be repaid on or before 31 December 2012. On 29 August 2012, the Company only received HK$5.00 million of the Loan Receivables. However, the remaining Loan Receivables of HK$53.43 million (the "**Remaining Loan Receivables**") plus underlying interests were not yet received on 31 December 2012. On 22 March 2013, the Lenders have entered into supplemental deeds with the Borrowers together with their respective guarantors, pursuant to which, approximately RMB15.20 million (equivalent to HK$18.03 million) of the Remaining Loan Receivables and underlying interests shall be repaid to the Lenders on or before 21 March 2014 (the "**Partial Payment of the Remaining Loan Receivables**"). Nevertheless, Swift Surplus and Top Vision and its guarantors could not reach an agreement in respect of the terms and date of the repayment of the outstanding balance of HK$35.40 million of the Remaining Loan Receivables and underlying interests (the "**Outstanding Balance**"). Despite the Company several requests and demands, Top Vision failed to effect payment of the Outstanding Balance. On 14 May 2013, the Company instructed its legal counsel to file the writ of summons (the "**Writ**") to the High Court of Hong Kong Special Administrative Region (the "**High Court**") to recover the Outstanding Balance from Top Vision. On 25 June 2013, the High Court adjudged a final judgment that Top Vision shall pay the Outstanding Balance to Swift Surplus (the "**Final Judgment**"). Top Vision has not performed the repayment obligation under the judgment issued by the High Court. The Company cannot locate any assets of Top Vision in Hong Kong. As advised by the legal counsel, without information on the assets of Top Vision in Hong Kong, the Company cannot enforce the Final Judgment against Top Vision. As the major assets owned by the subsidiaries of Top Vision are located in Guangdong Province, the PRC, the Company had undertaken recovery actions including but not limited to legal actions taken in PRC to collect the Remaining Loan Receivables.

On 20 August 2014, a petition was filed by Galaxaco Reservoir Holdings Limited ("**Galaxaco**"), one of the creditors of Top Vision, to wind up Top Vision. Top Vision has now been wound up by the High Court by a Winding up Order under Companies Winding-up Proceedings No.157/2014 and the first meeting of creditors of Top Vision was held on 30 October 2014 for the appointment of provisional liquidator. On 14 January 2015, the solicitors act for Galaxaco requested the High Court to have the hearing adjourned for the appointment of liquidators (the "**Appointment**") pending the alleged negotiation settlement between Top Vision and all creditors including the Company and its subsidiary of Swift Surplus and Galaxaco ("**Creditors**"). On 4 May 2015, The High Court appointed SHINEWING Specialist Advisory Services Limited as liquidators ("**Liquidators**"). The Liquidators have carried out the site visits and performed the investigation on PRC subsidiary of Top Vision.

On 16 July 2015, the Zhaoqing Intermediate People's Court adjudged that the Final Judgment recognised and accepted to execute in Mainland China for the recovering the Outstanding Balance and the underlying interest from Top Vision ("**PRC Judgment**"). On 27 January 2016, the PRC Judgment was announced on the website of The People's Court Announcement for 60 days ("**Announcement Period**"). If Top Vision has not appealed for the PRC Judgment within 30 days after the Announcement Period, the PRC Judgment will be automatically effective thereafter, the Company can enforce the PRC Judgment. On 10 August 2016, Sihui City People's Court* (四會市人民法院) accepted to execute the PRC Judgment in Mainland China and requested Swift Surplus to provide the financial position statement relating to Top Vision. On 30 August 2016, Sihui City People's Court adjudged to freeze the entire equity interest held by Top Vision on Sihui Sewage for 3 years from 30 August 2016 to 29 August 2019. On 28 June 2020, Sihui City People's Court accepted the "resumption implementation application" which was submitted by Swift Surplus to resume the execution of the final judgement and continued to freeze the entire equity interest on Sihui Sewage for another 3 years till July 2022.

In 2016, the Company instructed the legal counsel to institute arbitral proceedings against the Borrowers and the guarantees under the supplemental loan agreements and their respective guarantees by filing the notices of Arbitration to HKIAC. HKIAC has confirmed the filing of such notices and the institution of respective arbitral proceedings.

On 6 March 2018, Liquidators informed Creditors that Top Vision sold its entire shareholding in Top Vision Huizhou to Tai Heng Construction Holding Ltd. ("**Tai Heng**") without payment of purchase consideration of RMB1 million. The Liquidator obtained a judgement from the High Court under the action of HCA 2448/2017 on 7 January 2019 against Tai Heng in favour of Top Vision, under which Tai Heng should repay approximately HK$3.90 million being principal and interest, and the Court further awarded judgement interest at a rate of 8% p.a. from 23 October 2017 to 31 December 2018 and 8.08% p.a. from 1 January 2019 to the date of payment (the "**Judgement Debts**"). The Liquidator proposed a demand letter of the Judgement Debt to Tai Heng on 29 January 2019 but failed to receive any reply from Tai Heng. Therefore, the Liquidators are prepared to issue a statutory demand against Tai Heng. If Tai Heng fails to reply, the Liquidators may further pursue a winding-up application against Tai Heng. On 16 April 2019, the Company filed the witness statements and documentary evidence (collectively known as "**Evidence**") to the High Court. But the Borrowers failed to file and serve their respective Defence & Counterclaim as well as their Evidence. The Company applied to the Tribunal to arrange the arbitral hearing. On 16 March 2020, the arbitrator of HKIAC made an arbitration award that each guarantor shall jointly and severally liable to repay the principals together with the interest accrued thereon to the Lenders. On 29 March 2020, HKIAC has appointed a sole arbitrator for these arbitration proceedings. On 30 November 2021, the Swift Surplus had submitted the application to the Sihui City People's Court for the resumption of civil enforcement on Top Vision. In January 2022, Swift Surplus re-submitted the application to the Sihui City People's Court again for the resumption of execution of the final judgement granted in July 2015 to continue to freeze the entire equity interest on Sihui Sewage for another 3 years till July 2025. In January 2022, the Lenders petitioned to the Shenzhen Intermediate People's Court and the Zhaoqing Intermediate People's Court for recognition and enforcement of Hong Kong awarded arbitrations in order to collect the debt from the guarantors. But the guarantor refused to recognise the verdict of the Zhaoqing Intermediate People's Court, they filed an appeal with the Guangdong Province Higher People's Court. In June 2022, Sihui City People's Court accepted the application and adjudged to freeze the entire equity interest held by Top Vision on Sihui Sewage for addition 2 years from June 2022 to June 2024. On 22 May 2023, the Zhaoqing Intermediate People's Court and the Guangdong Higher People's Court recognised and acknowledged for enforcement in Mainland China the arbitral award of the guarantors (the "**Guarantor's Award**"). The Guangdong Province Higher People's Court issued a judgement efficacy certificate on 8 August 2023, allowing the Company to enforce the Guarantor's Award in China. The Zhaoqing Intermediate People's Court acknowledged the enforcement of the Guarantors' Award in mainland China on 11 August 2023. In March 2024, Swift Surplus had submitted the application to Sihui City People's Court again for the purpose of continuing to freeze all equity interests in Sihui Sewage. The Sihui City People's Court ruled to freeze all equity interest in Sihui Sewage for an additional two years for the period from June 2024 to June 2026. On May 17, 2024, the Zhaoqing Intermediate People's Court failed to locate any executable assets from Sihui Sewage and ruled to terminate the execution of the case. The court stated that it would resume the execution in accordance with the law if any executable assets are identified in the future. On September 6, 2024, the Shenzhen Intermediate People's Court recognized and confirmed the arbitration award against the enforcement guarantors, Yang Weihua and Yang Weiguang, in China. On October 17, 2024, the Shenzhen Intermediate People's Court issued the arbitration ruling against the guarantors Yang Weihua and Yang Weiguang. Subsequently, on February 21, 2025, the Shenzhen Intermediate People's Court failed to locate any executable assets from Yang Weihua and ruled to terminate the execution. The court noted that the execution would resume in accordance with the law upon discovering any executable assets. In July 2025, upon discovering that Sihui Sewage possesses assets available for enforcement, the Zhaoging Intermediate People's Court resumed enforcement proceedings. In September 2025, the Company, Shenzhen Haisheng Environmental Sci-Tech Co., Ltd.* (深圳市海晟環保科技有限公司), a wholly-owned subsidiary of the Company, entered into a debt assignment agreement with Guangdong Donglinyuan Ecological Co., Ltd. (the "**Guangdong Donglinyuan**") ("**廣東東霖源生態有限公司**") and Sihui Sewage, for the settlement of the debts of RMB15.20 million, pursuant to which the creditor's rights against Top Vision, Sihui Sewage and their respective guarantors were assigned to Guangdong Donglinyuan. The consideration for the assignment was RMB8.80 million payable into four installations. As at the date of this announcement, all consideration has been settled. The legal processing concerning debts amounting to RMB15.20 million will be concluded upon issuance of the court's judgment formally closing the case. However, the legal action against Swift Surplus, Top Vision, and their guarantors regarding debts totaling HK$35.40 million remains ongoing in the PRC. The loan receivables from Top Vision of HK$43.60 million were fully impaired.

(b) Guangzhou Hyde Environmental Protection Technology Co., Ltd., an indirect wholly-owned subsidiary of the Company and Yunnan Chaoyue Gas Company Limited*

Guangzhou Hyde Environmental Protection Technology Co . Ltd.* (廣州市海德環保科技有限公司) ("**Guangzhou Hyde**") (an indirect wholly-owned subsidiary of the Company) and Yunnan Chaoyue Gas Company Limited* (雲南超越燃氣有限公司) ("**Yunnan Chaoyue Gas**") entered into the cooperation contract dated 13 October 2010, pursuant to which Guangzhou Hyde shall paid a refundable deposit of HK$10 million ("**Deposit**") to Yunnan Chaoyue Gas for the purpose of obtaining the operation and management right of the Yunnan Dian Lake project ("**Project**").

Pursuant to the cooperation contract, Yunnan Chaoyue Gas shall refund the Deposit to Guangzhou Hyde within nine months once it was unsuccessfully to obtain the Project. Yunnan Chaoyue Gas has failed to repay the aforesaid Deposit to Guangzhou Hyde when it fell due despite Guangzhou Hyde's repeated requests and demands.

The dispute over cooperative contract between Guangzhou Hyde and Yunnan Chaoyue Gas was applied to Guangzhou Arbitration Commission ("**Commission**") for arbitration on 24 February 2012. The Commission accepted the case and started a trail on 5 June 2012. After the trail, arbitration tribunal ruled an award on 12 June 2012, adjudging that Yunnan Chaoyue Gas should pay Guangzhou Hyde the principal of RMB8.56 million and overdue interests thereon; and the relevant arbitration fees.

The above award confirmed the amount to be paid by Yunnan Chaoyue Gas to Guangzhou Hyde should be settled in one-off manner within 10 days from the date on which this award is served. Late payment will result in proceedings set out in article 229 of Civil Procedure Laws of the People's Republic of China. As Yunnan Chaoyue Gas has not performed repayment obligation under the award on time, Guangzhou Hyde applied to Kunming Intermediate People's Court (the "**Kunming Court**") for civil enforcement on 21 July 2012, and Kunming Court has accepted such application.

On 13 May 2013, Yunnan Chaoyue Gas provided loan repayment plan (the "**Repayment Plan**") to Guangzhou Hyde. On 1 September 2014, Kunming Court has approved the civil enforcement against Yunnan Chaoyue Gas. Finally, Yunnan Chaoyue Gas has not performed the repayment obligation according to the Repayment Plan.

On 21 August 2017, Guangzhou Hyde, Yunnan Chaoyue Gas, Yunnan Chaoyue Oil & Gas Technology Co., Ltd.* (雲南超越油氣科技有限公司), Yunnan Chaoyue Oil and Gas Exploration Co., Ltd.* (雲南超越油氣勘探有限公司), Yunnan Transcend Pipeline Investment Co., Ltd. * (雲南超越管道投資有限公司) and Yunnan Transcend Energy Co., Ltd.* (雲南超越能源股份有限公司) and Mr. Liu Jinrong (collectively as the "**Guarantors**") entered into a settlement agreement which Yunnan Chaoyue Gas shall pay the Principal and overdue interests to Guangzhou Hyde on or before 31 December 2017 (the "**Settlement Agreement**"). On 14 September 2017, Guangzhou Hyde applied to Kunming Court for the resumption of civil enforcement which adjudged in 2014. On 13 August 2019, Yunnan Chaoyue Gas and Guarantors failed to fulfil the Settlement Agreement, Kunming Court accepted the application relating to the resumption of civil enforcement which submitted by Guangzhou Hyde. On 20 November 2019, the Kunming Court adjudged the Guarantors to repay the arbitration fee, the principal together with the underlying interest to Guangzhou Hyde within 10 days. On 8 January 2021, the Kunming Court failed to locate any assets from Yunnan Chaoyue Gas and Guarantors even taken exhaustive enforcement measures, and ruled to terminate this execution. The Kunming Court will resume the execution of this case in accordance with the law once any assets available for execution being found. On 21 June 2023, the Kunming Municipal Court has not yet decided whether to accept the case after the hearing on the bankruptcy liquidation of Yunnan Chaoyue Gas. Up to the date of this announcement, Yunnan Chaoyue Gas and the Guarantors had not performed court judgement and no significant progress on this legal proceeding. The Deposit was classified as loan receivable and fully impaired in 2011.

(c) New China Water (Nanjing) Energy Company Limited* (新中水(南京)能源有限公司), an indirect wholly-owned subsidiary of the Company and Jinling Construction Group of Jiangsu Province Co. Ltd.*

In October 2018, New China Water (Nanjing) Energy Company Limited ("**New China Water Energy**"), New China Water (Nanjing) Carbon Company Limited ("**New China Water Carbon**") and Jinling Construction Group of Jiangsu Province Co. Ltd.* (江蘇省金陵建工集團有限公司) ("**Jinling Construction**") entered into the construction contract for construction works, pursuant to which Jinling Construction became the construction contractor for Nanjing Space Big Data Industry Base which was developed by New China Water Energy and New China Water Carbon. On 26 January 2022, Jinling Construction filed a lawsuit to Nanjing City Jiangning District People's Court* (南京市江寧區人民法院) (the "**Jiangning Court**") regarding the allegedly unsettled payment of construction fee by New China Water Energy and New China Water Carbon as co-defendants to Jinling Construction in the sum of approximately RMB151.59 million. The disposal of New China Water Carbon was completed in June 2023.

In February 2022, despite the parties were in negotiations to reach an agreement to settle the claims, the land use rights of the property were seized by Jiangning Court for the period from 18 February 2022 to 17 February 2025. On 21 March 2022, Jiangning Court decided to refer the case to the People's Court of Xuanwu District, Nanjing City, Jiangsu Province* (江蘇省南京市玄武區人民法院) ("**Xuanwu People's Court**") for trial. In May 2022, the parties have reached a preliminary settlement agreement. As both parties have the intention to resolve the contract dispute, Xuanwu People's Court decided to suspend the trial on 24 June 2022. Such construction debts amounted to RMB99.91 million have been recognized as other payable of the Group since the financial year ended 31 December 2021.

In August 2022, the involved parties signed the settlement agreement (the "**Settlement Agreement**") that affirmed the unpaid construction debts of RMB99.91 million and the repayment plan. The aforementioned Settlement Agreement was submitted to the Xuanwu People's Court for the withdrawal of the relevant land use rights seizure. New China Water Energy and New China Water Carbon had fulfilled a portion of their contractual responsibilities in accordance with the Settlement Agreement. According to the Settlement Agreement, Xuanwu People's Court issued a civil mediation letter (the "**Civil Mediation Letter**") confirming that New China Water Energy and New China Water Carbon should jointly and severally pay the outstanding construction debts in the amount of RMB89.91 million including a default claim of RMB8 million which was recognised as default claim payable. The Xuanwu People's Court subsequently removed the relevant seizure of the land use right.

In June 2023, the parties involved signed Settlement Agreement 1 (the "**Settlement Agreement 1**") and fulfilled their obligations. The Xuanwu People's Court ruled to halt New China Water Carbon's execution. New China Water Carbon was no longer a subsidiary of the Company upon the completion of disposal in June 2023. The relevant parties signed Settlement Agreement 2 (the "**Settlement Agreement 2**") in August 2023, and then Jinling Construction has petitioned the Xuanwu People's Court to withdraw enforcement against New China Water Energy. The Xuanwu People's Court ruled to terminate the execution of the case. As of the date of this announcement, New China Water Energy has not fully satisfied its obligations under the Civil Mediation Letter, but partial payments have been made. The Settlement Agreement 2 is currently undergoing implementation, and the PRC legal proceeding is still ongoing. At 31 December 2025, the outstanding other payable recognized in relation to their claim amounted to RMB9.51 million (equivalent to approximately HK$10.52 million (2024: RMB9.51 million).

(d) Huizhou Swan Heng Chang Property Development Company Limited* (惠州鴻鵠恒昌置業有限公司) and Swan (Huizhou) Investment Company Limited* (鴻鵠(惠州)投資有限公司), indirect wholly-owned subsidiaries of the Company and China Minsheng Drawin Construction Technology Group Company Limited

(i) In January 2018, Huizhou Swan Heng Chang Property Development Company Limited* (惠州鴻鵠恒昌置業有限公司) ("**Swan Heng Chang**") entered into the construction contract for construction works (the "**Construction Contract I**") with China Minsheng Drawin Construction Technology Group Company Limited (formerly known as China Minsheng Drawin Construction Co., Ltd) ("**CMDC**"), under which CMDC shall act as the construction contractor of the construction project of Honghu Blue Valley Wisdom Square* (鴻鵠藍谷智慧廣場) developed by Swan Heng Chang. To further clarify the rights and obligations of both parties, both parties signed a supplemental agreement in January 2018 to further define the payment terms and other rights and obligations, and the contract price was agreed to be subject to actual settlement based on the actual quantities of work.

On 14 May 2019, Swan Heng Chang entered into the contract termination agreement with CMDC, under which the Construction Contract and the supplemental agreement were agreed to terminate. On 1 August 2019, both parties signed the settlement agreement, which determined the final settlement amount of RMB82.51 million.

In September 2020, CMDC filed a lawsuit with the Huicheng District People's Court of Huizhou City ("**Huicheng District People's Court**") against Swan Heng Chang and its shareholder of Swan (Huizhou) Investment Company Limited* (鴻鵠(惠州)投資有限公司) ("**Swan Investment**") as co-defendants, requesting Swan Heng Chang to settle the construction payment and demanding Swan Investment to bear joint and several liabilities. The court heard the case on 6 January 2021.

On 14 April 2021, under the mediation of the court, Swan Heng Chang reached a settlement agreement with CMDC, under which the court issued a civil mediation order, which confirmed that the total amount payable by Swan Heng Chang to CMDC was RMB28.42 million and that Swan Investment was jointly and severally liable for the settlement of the debt. Such construction debts amounted to RMB28.42 million have been recognised as an other payable of the Group since the financial year ended 31 December 2020.

On 3 December 2021, Swan Heng Chang and Swan Investment were served by the court as defendants subject to enforcement for failing to fulfill their obligations under the civil mediation order. On 10 March 2022, upon application by CMDC, the land use right legally owned by Swan Heng Chang was seized by the Huizhou Court for the period from 10 March 2022 to 9 March 2025. According to the civil mediation letter, the default payment including interest in total of RMB11.38 million recorded as an other payable during the year. Up to the date of this announcement, the parties are negotiating the settlement agreement and the relevant legal proceeding is still in process. At 31 December 2025, the outstanding trade payable and other payable recognized in relation to this claim amounted to RMB25.99 million (equivalent to approximately HK$28.8 million) (2024: RMB 25.99 million) and RMB11.38 million (equivalent to approximately HK$12.59 million (2024: RMB11.38 million).

(ii) In July 2021, Swan Heng Chang entered into a construction contract for construction works (the "**Construction Contract II**") with Shenzhen Zhongrongyu Construction Engineering Limited* (深圳市中榮煜建築工程有限公司) ("**Zhongrongyu Construction**"), pursuant to which Zhongrongyu Construction shall act as the construction contractor of the construction project of Honghu Square developed by Swan Heng Chang.

Zhongrongyu Construction and Swan Heng Chang are recently in dispute of certain construction payments in respect of the Construction Contract II and Zhongrongyu Construction has filed a lawsuit with the Huicheng District People's Court of Huizhou City against Swan Heng Chang and Swan Investment as co-defendants, claiming for the settlement of the construction payments and liquidated damages. In December 2024, the Huicheng District People's Court of Huizhou City ruled that: 1. Swan Heng Chang shall pay construction costs amounting to RMB15.67 million (the "**Construction Cost**"), along with liquidated damages capped at RMB4.7 million and appraisal fees. 2. Swan Investment shall bear joint and several liability for the debt. 3. Zhongrongyu Construction holds a priority right

to compensation within the scope of Construction Cost for the completed construction work at the project of Honghu Blue Valley Wisdom Square project, whether through negotiated sale or auction proceeds. As the Swan Heng Chang failed to perform the obligations determined by the effective civil judgment, Zhongrongyu Construction applied to the Huicheng District People's Court of Huizhou City for compulsory enforcement, and the case entered the enforcement procedure in November 2025. Such Construction Cost recorded as an other payable in the FY2024. Up to the date of this announcement, the PRC legal proceeding is still ongoing. At 31 December 2025, the outstanding other payable recognized in relation to this claim amounted to RMB20.17 million (equivalent to approximately HK$22.33 million) (2024: RMB20.37 million).

(iii) In March 2019, Swan Heng Chang entered into a loan agreement and a mortgage and guarantee agreement with Huicheng Sub-branch of Huizhou Rural Commercial Bank Co., Ltd. (the "**Huicheng Sub-branch**"), pursuant to which Swan Heng Chang borrowed RMB45.00 million (the "**Loan**") from Huicheng Sub-branch. To secure the Loan, Swan Investment entered into a share pledge agreement with Huicheng Sub-branch, while Swan Investment, China Ace Investment Co., Ltd. ("**China Ace**"), the Company, and Ms. Deng Xiaoting ("**Ms. Deng**") entered into a guarantee agreement with Huicheng Sub-branch. In prior years, Huicheng Sub-branch filed a lawsuit with the Huicheng District People's Court of Huizhou City against Swan Heng Chang, Swan Investment, China Ace, the Company, and Ms. Deng (collectively referred to as the "**Co-Defendants**"), demanding repayment of the outstanding loan balance of approximately RMB36.08 million and related interest which recorded as the bank loan during the year. On August 6, 2025, the Huicheng District People's Court of Huizhou City rendered a judgment ordering Swan Heng Chang to repay loan principal in the amount of approximately RMB35.00 million. The Huicheng sub-branch enjoys priority rights of compensation over the mortgaged and pledged property. Swan Investment, China Ace, the Company, and Ms. Deng are jointly and severally liable for repayment. As at the date of this announcement, the settlement negotiation and relevant proceedings in the PRC remain ongoing.

(e) China Water Industry Group Limited (中國水業集團有限公司) and China Water Industry (HK) Limited (中國水業(香港)有限公司), an indirect wholly-owned subsidiary of the Company and Guangdong Yuecai Small and Medium-sized Enterprises Equity Investment Fund Partnership (Limited Partnership)* and Zhuhai Hengqin Yixingbanyue Investment Partnership (Limited Partnership)*

In December 2019, the Company, China Water Industry (HK) Limited (the "**China Water (HK)**"), New China Water (Nanjing) Renewable Resources Investment Company Limited* (the "**New China Water Nanjing**"), SZQH Energy-saving Environmental Protection Investment Fund Management Company Limited* (深圳前海粵財節能環保投資基金管理有限公司) ("**SZQH**") entered into an investment agreement, pursuant to which SZQH agreed to invest RMB60 million for 3.8462% of equity interests in New China Water Nanjing. SZQH has subsequently assigned all its rights and obligations under the investment agreement to Guangdong Yuecai Small and Medium-sized Enterprises Equity Investment Fund Partnership (Limited Partnership)* (廣東粵財中小企業股權投資基金合夥企業(有限合夥)) ("**Guangdong Yuecai**"), being an associate of SZQH. For details, please refer to the announcements of the Company dated 27 December 2019 and 1 March 2023.

In March 2020, the Company, China Water Industry (HK), New China Water Nanjing, and Zhuhai Hengqin Yixingbanyue Investment Partnership (Limited Partnership)* (珠海橫琴依星伴月投資合夥企業(有限合夥)) ("**Zhuhai Hengqin**", together with Guangdong Yuecai, the "**Investors**") entered into an investment agreement, pursuant to which Zhuhai Hengqin agreed to invest RMB0.42 million for 0.0269% of equity interests in New China Water Nanjing.

In March 2023, the Company received the repurchase notice from the Investors, requiring China Water (HK) and the Company (collectively, the "**Purchasers**") to repurchase an aggregate of 3.872% equity interests (the "**Aggregate Sale Capital**") of New China Water Nanjing. On the same date, the Purchasers and Investors entered into the equity transfer agreement, pursuant to which the Investors have agreed to sell, and the Purchasers have agreed to purchase, the Aggregate Sale Capital, at a total consideration of RMB81.34 million (the "**Repurchase Equity Consideration**"). For the details, please refer to the announcement of the Company dated 1 March 2023.

Each of the Investors have filed a lawsuit with the Shenzhen Qianhai Cooperation District People's Court against the Company and China Water (HK) as co-defendants, claiming for the repayment of the outstanding balance of the Repurchase Equity Consideration in the aggregate sum of approximately RMB22.90 million and the underlying interest.

In June 2025, the Qianhai Cooperation Zone People's Court of Shenzhen* (深圳前海合作區人民法院) (the "**Qianhai Court**") rendered a judgment ordering the Company and China Water (HK) to pay Guangdong Yuecai the equity transfer consideration, including the investment amount of RMB22.74 million, as well as accrued interest and penalties for breach of contract. In July 2025, the Qianhai Court rendered a separate judgment ordering the Company and China Water (HK) to pay Zhuhai Hengqin an investment amount of RMB0.16 million, together with applicable interest and penalties for breach of contract. As the Company and China Water (HK) failed to perform the obligations determined by the effective civil judgment, Shenzhen Qianhai applied to the People's Court of the Qianhai Cooperation Zone in Shenzhen for compulsory enforcement, and entered the enforcement procedure in September 2025. Zhuhai Hengqin applied to the People's Court of the Qianhai Cooperation Zone in Shenzhen for compulsory enforcement, and entered the enforcement procedure in October 2025.

According to the respective investment agreements and the supplemental agreement dated 26 September 2023, the consideration payable is subject to adjustment with 10% to 12% simple interest per annum calculated from the date of payment of the capital injection amount made by the Investors to the date of receipt of Repurchase Equity Consideration by the Investors, which all payment were due by 31 December 2023. Pursuant to the investment agreements and the supplemental agreement, the Investors shall be entitled to an amount equal to 0.03% of the overdue amount for each day of delay payable by the Purchasers as liquidated damages.

Up to the date of this announcement, the parties are actively engaged in negotiations regarding a settlement arrangement and the Group has recognised the outstanding balance of Repurchase Equity Consideration together with accrued interests in aggregate of RMB31 million as a deposit paid for acquisition of additional interests in a subsidiary and other payables. The PRC legal proceedings is still ongoing.

(f) Changsha New China Water Environmental Technology Company Limited, Qingyuan City Greenspring Environmental Technology Company Limited, Shenzhen City New China Water Environmental Technology Company Limited and Hainan Camda New Energy Company Limited, all being indirect non-wholly owned subsidiaries of the Company and Sinopharm Holding (China) Finance Leasing Co., Ltd.

In February 2023, each of Changsha New China Water Environmental Technology Company Limited* (長沙新中水環保科技有限公司) ("**Changsha New China Water**"), Qingyuan City Greenspring Environmental Technology Company Limited* (清遠市青泓環保科技有限公司) (the "**Qingyuan City Greenspring**"), Shenzhen City New China Water Environmental Technology Company Limited* (深圳市新中水環保科技有限公司) ("**Shenzhen City New China Water**"), all being indirect non-wholly owned subsidiaries of the Company, entered into a finance lease agreement with Sinopharm Holding (China) Finance Leasing Co., Ltd. (國藥控股(中國)融資租賃有限公司) ("**Sinopharm Leasing**"), pursuant to which (i) Sinopharm Leasing shall purchase the respective landfill gas power generating facilities from Changsha New China Water, Qingyuan City Greenspring and Shenzhen City New China Water for the purchase price of RMB30 million, RMB14 million and RMB29 million respectively; and (ii) Sinopharm Leasing shall lease back the same to Changsha New China Water, Qingyuan City Greenspring and Shenzhen City New China Water respectively. In March 2023, Hainan Camda New Energy Company Limited* (海南康達新能源有限公司) ("**Hainan Camda**"), being an indirect non-wholly owned subsidiary of the Company, entered into the finance lease agreement with Sinopharm Leasing, pursuant to which (i) Sinopharm Leasing shall purchase landfill gas power generating facilities for the purchase price of RMB7 million and then lease back the same to Hainan Camda. For details, please refer to the announcements of the Company dated 24 February 2023 and 8 March 2023.

In August 2024, Changsha New China Water, Qingyuan City Greenspring, Shenzhen City New China Water and Hainan Camda (collectively known as "**Lessees**") together with the relevant guarantors (the "**Guarantors**") under the respective finance lease agreements had reached settlement agreements with Sinopharm Leasing through the mediation by the Shanghai Pudong New Area People's Court (the "**Pudong Court**"). The Pudong Court issued civil mediation agreements (the "**Civil Mediation Agreements**"), which required Changsha New China Water, Qingyuan City Greenspring, Shenzhen City New China Water and Hainan Camda shall repay Sinopharm Leasing the outstanding balance of lease consideration of RMB18.70 million, RMB8.73 million, RMB18.08 million and RMB4.37 million respectively. In November 2024, as the Lessees and the Guarantors failed to repay the outstanding sums in accordance with the Civil Mediation Agreements, Sinopharm Leasing had applied to Pudong Court for the enforcement of the Civil Mediation Agreements. In December 2024, the case was terminated due to statutory reasons. The aforesaid outstanding lease consideration recorded as the lease liabilities as at 31 December 2025 and 2024. Up to the date of this announcement, the Lessees and the Guarantors are in the course of negotiating with Sinopharm Leasing in respect of the settlement of the outstanding sums and the relevant legal proceedings are still ongoing.

(g) Anqiu City New China Water Environmental Technology Limited, Datang Huayin Xiangtan Environmental Electricity Generation Company Limited, Datang Huayin Heng Yang Environmental Power Company Limited, Baoji City Electric Power Development Co., Limited, Wuzhou City New China Water New Renewable Resources Company Limited, Hunan Liuyang New China Water Environmental Technology Limited, all being indirect non-wholly owned subsidiaries of the Company and Haitong Unitrust International Financial Leasing Co., Limited

On 2 August 2023, Anqiu City New China Water Environmental Technology Limited* (安丘市新中水環保科技有限公司) (the "**Lessee A**"), Xiangtan New China Water Biomass Power Generation Co. Ltd (formerly known as Datang Huayin Xiangtan Environmental Electricity Generation Company Limited*) (湘潭新中水生物質能發電有限責任公司(前稱：大唐華銀湘潭環保發電有限責任公司)) (the "**Lessee B**"), Hengyaan New China Environmental Protection Technology Co. Ltd* (formerly known as Datang Huayin Heng Yang Environmental Power Company Limited* (衡陽新中水環保科技有限公司(前稱：大唐華銀衡陽環保發電有限公司)) (the "**Lessee C**"), Baoji City Electric Power Development Co., Limited* (寶雞市易飛明達電力發展有限公司) (the "**Lessee D**"), Wuzhou City New China Water New Renewable Resources Company Limited* (梧州市新中水新能源科技有限公司) (the "**Lessee E**"), Hunan Liuyang New China Water Environmental Technology Limited* (湖南瀏陽新中水環保科技有限公司) (the "**Lessee F**"), (collectively known as " **Lessees**"), all being indirect non-wholly owned subsidiaries of the Company, entered into the respective finance lease agreements with Haitong Unitrust International Financial Leasing Co., Limited (海通恒信國際融資租賃股份有限公司) (the "**Haitong Leasing**"), pursuant to which (i) Haitong Leasing shall purchase biogas and landfill gas power generating facilities (the "**Leased Assets**") from the Lessees and then shall lease back the Leased Assets to them. The purchase price for the respective lease assets offered by Haiton Leasing to Lessee A, Lessee B, Lessee C, Lessee D, Lessee E and Lessee F were RMB20 Million, RMB20 million, RMB15 million, RMB15 million, RMB10 million and RMB10 million, respectively. For details, please refer to the announcement of the Company dated 2 August 2023.

Haitong Leasing has filed lawsuits with the Shanghai Huangpu District People's Court and the Shenzhen Qianhai Cooperation Zone People's Court against Lessee A, Lessee B, Lessee C, Lessee D, Lessee E and Lessee F and the guarantors, demanding repayment of outstanding principal amounts of RMB14 million, RMB14 million, RMB11 million, RMB11 million, RMB7 million, RMB7 million, respectively, along with related interest. In May 2025, Lessee A, Lessee B, Lessee C, Lessee D, Lessee E, Lessee F, and the Guarantor reached a settlement agreement with Haitong Leasing through mediation facilitated by the Shanghai Huangpu District People's Court* (上海市黃浦區人民法院) (the "**Shanghai Huangpu Court**"). Pursuant to the mediation, the Shanghai Huangpu Court issued a civil mediation document (the "**Civil Mediation Document**"), requiring Lessee A, Lessee B, Lessee C, Lessee D, Lessee E, and Lessee F respectively to pay Haitong Leasing the following amounts in financing lease payments: RMB13.23 million; RMB13.23 million; RMB10.70 million; RMB9.93 million; RMB6.62 million; and RMB6.62 million. As the lessees failed to perform the obligations determined by the effective civil judgment, Haitong Leasing applied to the Huangpu District People's Court of Shanghai for compulsory enforcement in respect of the relevant cases, all of which entered the enforcement procedure in October 2025. As at 31 December 2025, the aforesaid outstanding principal amounts recorded as the lease liabilities amounted to RMB62,79 million (equivalent to approximately HK$69.51 million in aggregate (2024: RMB59.76 million (equivalent to approximately HK$64.53 million). Up to the date this announcement, the Lessees are in the course of negotiating with Haitong Leasing in respect of the settlement of the outstanding sums and the legal proceedings in the PRC remain ongoing.

(h) New China Water (Nanjing), Shenzhen New China Water Environmental Protection Technology Co., Ltd., Shandong Qiyao New Energy Co., Ltd., Ningbo Qiyao New Energy Co., Ltd., and Chengdu Greenstate Renewable Energy Co., Ltd. (collectively, the "Group Companies"), all indirect non-wholly owned subsidiaries of the Company and Guangdong Green Finance Leasing Co., Ltd.

On 8 December 2021 and 22 February 2022, New China Water (Nanjing) ("**Lessee A**"), Shenzhen New China Water Environmental Protection Technology Co., Ltd. ("**Lessee B**"), Shandong Qiyao New Energy Co., Ltd. ("**Lessee C**"), and Ningbo Qiyao New Energy Co., Ltd. ("**Lessee D**") (collectively, the "Lessees") entered into two finance lease agreements with Guangdong Green Finance Leasing Co., Ltd. ("**Green Finance Leasing**"). Pursuant to these agreements, (i) Green Finance Leasing purchased gas generator sets and related equipment (the "**Leased Assets**") from the Lessees and subsequently leased the Leased Assets back to them. The purchase prices offered by Green Finance Leasing to the Lessees were RMB60,000,000 and RMB20,000,000, respectively.

Green Finance Leasing has filed a lawsuit with the People's Court of Nanhai District, Foshan City, against the Lessees and Chengdu Greenstate Renewable Energy Co., Ltd., seeking payment of the outstanding lease principal of RMB21,094,000 together with accrued interest. Up to the date of this announcement, the case is currently under legal proceedings.

The Group recognised such amount in lease liabilities amounted to RMB22.39 million (equivalent to approximately HK$24.78 million) (2024: RMB24.63 million (equivalent to approximately HK$26.6 million)) at 31 December 2025.

(i) New China Water (Nanjing) and Xiamen Zhengrong Investment Co., Ltd.

New China Water (Nanjing) is involved in a loan dispute with Xiamen Zhengrong Investment Co., Ltd.* (廈門正嶸投資有限公司) (the "**Xiamen Zhengrong**") On 11 November 2022, both parties entered into a loan agreement, pursuant to which Xiamen Zhengrong (the "**Plaintiff**") provided a loan of RMB30.00 million to the New China Water (Nanjing) (the "**Defendant**") for the period from 13 November 2023 to 12 January 2024. Following the disbursement of the loan, the Defendant repaid only RMB2.00 million. Subsequently, the parties executed a loan extension agreement, extending the repayment term of the outstanding loan to 31 October 2025. Upon the expiry of the extended term, the Defendant failed to repay the outstanding amount.

The Plaintiff thereafter filed a lawsuit with the Xuanzhou District People's Court of Xuancheng City, claiming repayment of the outstanding loan principal of RMB28.00 million together with the corresponding interest, and requesting the Defendant to bear the Plaintiff's legal fees of RMB150,000 and the litigation costs of the case. Upon mediation conducted by the People's Mediation Committee of the Litigation and Mediation Connection Center of Xuancheng City, the parties reached a mediation agreement on 18 December 2025. Under the agreement, the Defendant acknowledged its indebtedness to the Plaintiff, Xiamen Zhengrong for the loan principal of RMB28.00 million, and agreed to bear the Plaintiff's legal fees of RMB150,000. The Xuanzhou District People's Court of Xuancheng City has issued a civil ruling confirming the validity of the mediation agreement. As at 31 December 2025, the aforesaid outstanding principal amounts recorded RMB28.00 million (equivalent to approximately HK$31 million (2024: RMB28.00 million (equivalent to approximately HK$30.24 million).

Save as disclosed above, the Group is not aware of any other significant proceedings instituted against the Group.

The Board believed that there will be no significant financial impact on the Group as sufficient impairment loss on the loan receivables has been provided and the unsettled construction costs and debts liabilities have been recorded in the total liabilities of the Group.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The Company's independent auditor has issued the disclaimer of opinion on the Group's consolidated financial statements for the year ended 31 December 2025, an extract of which is as follows:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Scope Limitation Relating to Appropriateness of the Going Concern Assumption

As set out in note 3(b) to the consolidated financial statements, the Group incurred a loss of HK$300,511,000 for the year ended 31 December 2025, and as of that date, the Group had net current liabilities of HK$74,870,000. During the year ended 31 December 2025, a winding-up petition (the "**Petition**") was filed against the Company on 17 November 2025 at the High Court of the Hong Kong Special Administrative Region (the "**Court**") by International Finance Corporation (the "**Petitioner**") in relation to the outstanding principal amount of a sum of RMB216,602,900 together with interest accrued thereon (the "**IFC Indebtedness**") under a loan agreement dated 20 May 2022 between New China Water (Nanjing) Renewable Resources Investment Company Limited* (新中水(南京)再生資源投資有限公司) ("**NCW**"), an indirect non-wholly-owned subsidiary of the Company, as amended and supplemented by a deed of amendment and accession dated 12 July 2023 between NCW and the Petitioner and a guarantee dated 20 May 2022 made by the Company in favour of the Petitioner. During the period from 19 November 2025 up to the date of this report, the Company has received Notices of Intention to Appear on Petition by certain individual creditors (the "**Supporting Creditors**") for outstanding indebtedness owed by the Company to them, indicating their intention to appear on the hearing of the Petition for supporting the Petition against the Company. The hearing of the Petition, originally scheduled on 21 January 2026 but adjourned to 11 February 2026 and 25 March 2026, was further adjourned to 29 April 2026.

When assessing the appropriateness of the use of the going concern basis for the preparation of the consolidated financial statements, the directors of the Company have prepared a cash flow forecast covering a period of 18 months from the end of the reporting period. Certain plans and measures have been taken by the Group to improve its liquidity and financial position, as detailed in Note 3(b) to the consolidated financial statements. Based on the directors' assessment, the Group is able to continue as a going concern and it is appropriate to prepare the consolidated financial statements on a going concern basis.

The appropriateness of the consolidated financial statements prepared on a going concern basis largely depends on whether the plans and measures as detailed in Note 3(b) can be successfully implemented, including: (i) successfully rescheduling the IFC Indebtedness for extension of repayment schedule; (ii) successfully obtaining additional new sources of financing, as and when needed, from the lender of a bridging loan, from various subscribers of the convertible bonds proposed to be issued, and from the substantial shareholder of the Company which has agreed to provide a standby loan facility to the Company, and (iii) successfully negotiating with the existing banks on the renewal of existing bank loans and refinancing arrangements. We have not been able to obtain sufficient appropriate evidence that enable us to evaluate whether these plans and measures are reasonable and supportable.

There are no alternative audit procedures that we can perform to obtain sufficient appropriate audit evidence to support the above plans and measures can be successfully implemented, as a result, we were unable to obtain sufficient appropriate evidence to conclude whether the directors' use of going concern basis of accounting to prepare the consolidated financial statements is appropriate.

Should the Group fail to achieve the plans and measures as abovementioned, it might not be able to meet its financial obligations as and when they fall due and to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Net loss for the year

Net loss for the year ended 31 December 2025 (the "**FY2025**"or the "**Year**") was approximately HK$300.51 million (the "**Net Loss**"), representing a decrease of HK$33.52 million as compared with the net loss of HK$334.03 million for the year ended 31 December 2024 (the "**FY2024**"). Loss attributable to owners of the Company for the FY2025 was HK$276.02 million (FY2024: loss attributable to owners of the Company of HK$322.28 million).

The Board considered that the reduction in net loss for FY2025, as compared with FY2024, was primarily attributable to the net impact of the following factors: (a) a decrease in administrative and selling expenses resulting from the implementation of enhanced cost control measures across operating and corporate expenditures; (b) the decrease in the provision of expected credit loss on trade and other receivables; (c) the recognition of income tax credit in FY2025 compare to income tax expenses recorded in FY2024; (d) the recognition of other operating income in FY2025 as compared to an other operating expenses recorded in the prior year, which was mainly related to (i) equipment write-offs; and (ii) the recognition of construction cost and default interest payment arising from the litigation in FY2024; and (e) a net reduction in impairment losses on non-financial assets since renewable energy projects discontinued or ceased under construction and had been substantially impaired in the prior year. The effects of the aforesaid factors were partially offset by (i) the decline in revenue and gross profit derived from the renewable energy business, mainly resulting from the decrease in number of landfill site in operation resulting in substantial reduction in the volume of on-grid electricity due to less available new garbage being delivered to the landfill sites for generation of electricity as local incineration projects being in operation; (ii) the absence of the net gain from the disposal of Yichun Water Industry Group Company Limited (the "**Yichun Water Group**") which was recognized in FY2024; and (iii) the impairment loss on deposits paid for acquisition of additional interests in a subsidiary.

Revenue and gross profit

During the Year, the Group is engaged in four business segments: (i) provision of sewage treatment and the related construction services; (ii) exploitation and sale of renewable energy; (iii) property investment and development; and (iv) waste management and recycling.

In the FY2025, the Group's total revenue and gross profit were amounted to HK$233.84 million and HK$4.47 million respectively, which dropped substantially by HK$302.79 million and HK$82.66 million, respectively, as compared with the last year (FY2024: revenue of HK$536.63 million and gross profit of HK$87.13 million including HK$216.41 million in revenue and HK$67.53 million in gross profit contributed by Yichun Water Group). The downturn was primarily attributable to the disposal of Yichun Water Group in FY2024 and weaker performance in renewable energy business. The latter was negatively impacted by: (i) a substantial reduction in the volume of on-grid electricity, resulting from the development of local incineration projects and a decrease in the number of operational landfill sites; and (ii) a reduced number of service contracts awarded for landfill gas collection. These adverse factors were partially offset by improved performance in other segments, including an increase in revenue from the sewage treatment business excluding the impact of the Yichun Water Group, driven by the implementation of a new tariff rate; and growth in income from the waste management and recycling operations.

The gross profit declined as a result of (a) the disposal of Yichun Water Group; (b) a deterioration in the performance of the renewable energy business; and (c) the magnitude of the decrease in cost of sales was smaller than the decrease in revenue due to certain fixed expenses included in the cost of sales.

Other operating income, net

For the FY2025, the other operating income, net, amounted to HK$15.81 million, compared to an other operating expense, net, of HK$4.78 million recorded in FY2024 which was after deducting the gain of HK$6.41 million arising from Yichun Water Group. As compared with FY2024, the increase of HK$20.59 million was mainly due to the loss on disposal of plant and equipment (the "**PPE**") of HK$11.89 million and the construction cost and default interest payment in total of HK$22.32 million arising from the litigation on Swan Heng Chang, which was recorded in FY2024.

For the FY2025, other operating income, net mainly consisted of income generated from VAT refund of HK$9.84 million, government grants of HK$1.49 million, rental income of HK$4.58 million from investment properties, the sale of carbon emission target income of HK$3.82 million, net income from the sale of equipment of HK$2.12 million, net service income of HK$0.29 million from the operation of landfill gas projects and interest income of HK$0.62 million after the deduction of the accrued default payment of HK$8.52 million incurred from certain projects of the renewable energy business.

Selling and distribution expenses and administrative expenses

For the FY2025, the selling and distribution expenses of HK$3.04 million, together with administrative expenses of HK$121.15 million ("**Total Expenses**") of the Group collectively have dropped by HK$78.02 million to HK$124.19 million (FY2024: HK$202.21 million) due to the implementation of rigorous cost control measures across various operational and corporate functions, staff redundancy payments recorded in FY2024 but not in FY2025 as well as the Yichun Water Group of HK$63.19 million recorded in FY2024. Total Expenses mainly consisted of staff costs including social insurance payments of HK$47.19 million, legal and professional fee (including audit fees) of HK$15.87 million, repair and maintenance of HK$0.31 million and depreciation (including amortization) of HK$25.52 million. As at 31 December 2025, the Group had 354 full-time employees, compared with 376 full-time employees excluding the employees of Yichun Water Group as at 31 December 2024. The decrease in the number of staff was mainly due to the continued closure of certain landfill sites. Total Expenses accounted for 53.11% of the total revenue of the Group, which recorded an increase as compared to FY2024 of 37.68%, as most of the Total Expenses were non-variable in nature and would not decrease by the same magnitude when revenue decrease.

Impairment loss recognised on non-financial assets including other intangible assets (the "OIA"), Concession Intangible Assets ("CIA"), goodwill, right-of-use assets (the "ROU assets") and PPE

Impairment assessment was carried out on certain OIA, CIA, goodwill, ROU assets and PPE when an indication of impairment exists, in particular for the renewable energy projects of the Group's landfill gas-to-power business operation for FY2025.

The Group after carrying out the impairment assessment recorded impairment losses for FY2025 on PPE of HK$42.88 million (FY2024: HK$62.60 million), OIA of HK$5.18 million (FY2024: HK$9.86 million), CIA of HK$0.30 million (FY2024: HK$1.33 million), goodwill of HK$6.07 million (FY2024: HK$21.74 million) and ROU assets of HK$31.64 million (FY2024: HK$50.76 million), respectively, mainly provided for the renewable energy projects.

The Company engaged independent professional valuers to perform the impairment assessments based on the recoverable amounts of the relevant cash-generating units ("**CGUs**") as at 31 December 2025 by using income approach, to which of these assets were allocated based on value of inputs involving the future cash flow forecast estimated by the management of the Group (the "**Management**"). The basis and estimations adopted by the Management in assessing the recoverable amounts of the relevant CGUs included, among other things, key assumptions on annual revenue growth, budgeted gross margin, operating costs, estimated capital expenditure during the projection period and discount rates. For FY2025, the valuation methodology adopted remains unchanged from the previous approach adopted in 2024, with no subsequent modifications to the valuation techniques previously used.

The reasons contributing to the provision on impairment losses on these projects mainly include (i) the local incineration projects being developed in proximate location to the Group's renewable energy landfill sites resulting in less new garbage being delivered to the Group's landfill sites and therefore less electricity being generated and with the continued decline in the volume of on-grid electricity generated, certain renewable energy projects of the Group recorded continuous operating losses, (ii) Management revised future income projections downward, attributable to the accelerated depletion of collected gas, led to a reduced recoverable amount; and (iii) non-variable operating cost not decrease by the same magnitude when revenue decrease; and (iv) the shifting of projection on the sale of carbon emission target income to a later period based on the prevailing regulatory regime in respect of carbon emission trading in the PRC, resulting in downward adjustment of estimated revenue.

Considering the reasons above and with reference to valuation performed by independent professional valuers, the management considered that the recoverable amounts of the relevant CGUs for the aforesaid projects were less than their carrying amount of assets and therefore recorded an impairment loss in FY2025.

Impairment loss recognised on loans receivables and prepayment

For the FY2025, the Group recorded a reversal impairment loss for expected credit loss (the "**ECL**") of HK$0.72 million (the "**Impairment Loss**"), which mainly consists of HK$0.99 million for loans and interest receivables and HK$1.50 million for prepayment, partially offset by a reversal of impairment loss on loan receivable of HK$3.21 million (FY2024: HK$14.21 million). The decrease of Impairment Loss by HK$14.93 million was mainly due to no impairment loss recognized on trade receivables, and a portion of loan receivables being collected.

Based on the evaluation of collectability and ageing analysis of trade, loan and other receivable as well as certain forward- looking factors, the Group applied different ECL rates to different classes of receivables according to their respective risk characteristics and business nature.

Assessment of ECL

The Company has engaged an independent valuer (the "**Valuer**"), to conduct a valuation (the "**Valuation**") on potential default or defaulted receivables to support the relevant impairment assessment in estimating the Impairment Loss.

For the trade receivables, loan receivables and other receivables, the Valuer adopted the probability of default and loss given default method (the "**PD Model**") to measure the ECL allowance. Major inputs of the PD Model include (i) probability of default ("**PD**"); (ii) loss given default ("**LGD**"); and (iii) exposure at default ("**EAD**"). The ECL rate has been adjusted for forward-looking factors by taking into account of the expected change in future economic conditions, events and environment, and evaluating the debtor's past default history and the debtor's credit, presence of collaterals, as well as the debtor's financial position. The Group's trade receivables as at 31 December 2025 had an ECL rate ranging from 0.44% to 1.58% (as at 31 December 2024 ranging from 0.47% to 1.89%), depending on the assessed credit risk of the counterparties. Meanwhile, the rate of ECL of the Group's loan receivables and other receivables as at 31 December 2025 ranged from 3.12% to 100% (as at 31 December 2024 ranged from 72.10% to 100%) depending on the nature, probability of default and loss incurred in respect of the defaulted loan receivables and advances. Owing to the deteriorating credit status, certain debtors failed to repay their loans and advances which led to the Group proceed with legal actions to recover the outstanding balances (the "**Default Events**") as compared to the previous year. Once the loans and advances resulted in Default Events, a maximum default probability up to 100% will apply as it will indicate a higher probability of default as well as loss.

Reversal of impairment loss on loan receivable

For the FY2025, the Company, together with its wholly-owned subsidiary of the Company entered into a debt assignment agreement with Guangdong Donglinyuan Ecological Co., Ltd. (the "**Guangdong Donglinyuan**") ("廣東東霖源生態有限公司") and Sihui Sewage, pursuant to the terms of the agreement, the creditor's rights against Top Vision, Sihui Sewage and their respective guarantors were duly assigned to Guangdong Donglinyuan. The consideration for the assignment was RMB8.80 million payable in four installations. Up to the date of this announcement, all consideration has been received. During the Year, the Group received proceeds amounting to HK$3.21 million. Consequently, a reversal of impairment loss on loan receivable in sum of HK$3.21 million was recognized in the Group's consolidated financial statements (FY2024: Nil). For further details, please refer to section headed "MATERIAL LITIGATIONS AND ARBITRATION" in this announcement.

Impairment loss on deposits paid for acquisition of additional interests in a subsidiary

On 1 March 2023, China Water Industry (Hong Kong) Limited ("**CWI (HK)**")**,** a wholly-owned subsidiary of the Company, together with the Company (collectively referred to as the **"Purchasers**") entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with Guangdong Yuecai Small and Medium-sized Enterprises Equity Investment Fund Partnership (Limited Partnership) *廣東粵財中小企業股權投資基金合夥企業(有限合夥)("**Guangdong Yuecai**") and Zhuhai Hengqin Yixingbanyue Investment Partnership (Limited Partnership) *珠海橫琴依星伴月投資合夥企業(有限合夥) ("**Zhuhai Hengqin**") (collectively referred to as the "**Investors**"), pursuant to which the Investors required the Purchasers to repurchase an aggregate of 3.872% equity interests (the "**Aggregate Sale Capital**") in New China Water (Nanjing), for a total consideration of approximately RMB81.34 million (the "**Repurchase Equity Consideration**"). For further details, please refer to the announcement of the Company dated 1 March 2023 and the section headed "MATERIAL LITIGATIONS AND ARBITRATION" in this announcement.

During the year ended 31 December 2023, the Group paid approximately RMB50.35 million (the "**Deposit Paid**") to the Investors in partial settlement of the Repurchase Equity Consideration. On 9 September 2024, the Investors commenced legal proceedings before the 廣東省深圳前海合作區人民法院 (the "**Qianhai Court**") seeking recovery of the outstanding balance of the Repurchase Equity Consideration. The court subsequently issued judgments on 23 June 2025 and 18 July 2025 respectively, ordering the Purchasers to repay the outstanding Repurchase Equity Consideration together with accrued interest.

As at 31 December 2025, the Group engaged an independent valuer to conduct a valuation on the fair value of the Aggregate Sale Capital. Based on the valuation report, the Group recognized an impairment loss of HK$50.57 million on the Deposits Paid and recognized the outstanding balances as other payable (FY2024: Nil).

Share of results from associate

For the FY2025, the Group's share of gain amounted to HK$1.13 million which was arising from Ziyang Oasis Xinzhong Water Environmental Protection Technology Co., Ltd.* (the "**Ziyang Oasis**") (資陽市綠州新中水環保科技有限公司) (FY2024: loss of HK$47,000 after deducting a gain of HK$0.06 million for Yichun Water Group). As at 31 December 2025, the Group has one associated company of 49% equity interests in Ziyang Oasis.

Finance costs

For the FY2025, the finance costs for the Group amounted to HK$48.00 million, representing a decrease of HK$5.61 million compared to FY2024 (FY2024: HK$53.61 million including HK$1.43 million of interest capitalised for Yichun Water Group). The reduction in finance costs was primarily attributable to the repayment of borrowings during the Year, which resulted in a lower overall debt level relative to the last year.

Change in fair value of investment properties

For the FY2025, the fair value loss on investment property recorded HK$18.54 million which provided on Nanjing Property Project (FY2024: loss on fair value of HK$14.49 million including the fair value loss of HK$0.36 million for Yichun Water Group). As at 31 December 2025, the Group had one investment property on hand which was located in Nanjing City, the PRC. According to the valuation result, the loss from the change in fair value of Nanjing Property Project for 2025 was mainly due to further decline in the fair value of office buildings resulting from the downturn of the office leasing market in China. The Company has engaged an independent property valuer to conduct a valuation on the investment properties.

Income Tax Credit

For the FY2025, the Group recorded income tax credit of HK$6.05 million (FY2024: income tax expenese of HK$29.18 million, including HK$13.47 million of tax for Yichun Water Group and tax paid of HK$18.88 million for the gain on disposal of Yichun Water Group), which was in line with the substantial dropped operating performance in the renewable energy business and sewage treatment related construction services. No provision for Hong Kong Profits Tax has been made as the Group's operations in Hong Kong did not have any assessable profits subject to Hong Kong Profits Tax. Taxation for the PRC operations is charged at the statutory rate of 25% of the assessable profits under taxation ruling in the PRC. During the year under review, certain renewable energy companies in PRC are still subject to tax concessions of 3-year full exemption and subsequent 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived under the relevant tax rules and regulation.

Exposure to Exchange Rates Fluctuations

Almost all of the Group's operating activities are carried out in the PRC with the most of transactions and assets denominated in RMB but the Company's financial statements are denominated in HK$, which is also the functional currency of the Company. The Group has not adopted any hedging policies. Due to recent fluctuation in the RMB-HK$ exchange rate, the Group has been monitoring the foreign exchange exposures closely and will consider adopting appropriate hedging measures to mitigate significant currency risks when deemed necessary.

TREASURY MANAGEMENT

During the year under review, there had been no material change in the Group's funding and treasury policies. The Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. The Board closely monitors the Group's liquidity position to ensure that the Group can meet its funding requirements for business development and the repayment of financial liabilities when due. The Group generally finances its business operations and capital expenditure with internally generated cash flow, bank facilities and other borrowings. To support medium to long term funding requirements, the Group also considers via accessing to funding from capital markets, subject to market conditions. On the other hand, the management of the Group closely reviews the trade receivable balances and any overdue balances on an ongoing basis and only trade with creditworthy parties. The Group's financial risk management strategies include active managing firm level liquidity and interest rate profile via obtaining substantial long term funding sources, with diversifying term structures and funding instruments. In anticipating new investments or maturity of bank and other borrowings, the Group will consider new financing while maintaining an appropriate level of gearing.

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND FINANCIAL POSITION

Financial Position Analysis

As at 31 December 2025, the Group financed its operations with internally generated cash flows, bank loans and other borrowings as well as equity fund raising as disclosed below. The Group recorded a cash and cash equivalents balance of HK$42.17 million (as at 31 December 2024: HK$45.16 million) including bank balance and cash and cash held at financial institutions of HK$19.49 million, the restricted bank deposits of HK$2.34 million and the pledged bank deposits of HK$20.33 million. Based on the current financial position, and taking into account the financial resources available to the Group, including the internally generated funds and the possible disposal of assets, in the absence of unforeseeable circumstances, the Directors considered that following the implementation of the proposed settlement arrangement with certain creditors, funds raising activities by the issuance of convertible bonds, implementing measures to speed up the collection of outstanding trade receivables, the Company will be able to pay its debts as they become due. The cash and bank balance were denominated in HK$ and RMB.

The net current liabilities for the Group at 31 December 2025 were HK$74.87 million due to the reclassification of the IFC loan of HK$133.14 million from non-current to current liabilities and litigation claims totaling of HK$34.17 million payable to Guangdong Yuecai and Zhuhai Hengqin for the repurchase of their equity interests in New China Water (Nanjing) (as at 31 December 2024 of net current assets: HK$197.93 million). The current ratio of the Group (current assets over current liabilities) was 0.93 times as at 31 December 2025 (as at 31 December 2024: 1.25 times).

As at 31 December 2025, the net asset value of the Group amounted to HK$876.12 million (as at 31 December 2024: HK$1,055.03 million).

As at 31 December 2025, the Group's consolidated total assets (including both current and non-current) decreased by HK$302.46 million to HK$2,016.71 million (as at 31 December 2024: HK$2,319.17 million). The decrease was primarily due to the impairment loss provided on the Deposit Paid, impairment loss on non-financial assets, refund of deposit for acquisition of PPE by offsetting the other loan, depreciation and amortization charges recognized during the Year.

Capital Structure

During the Year, the Company completed the issuance of right issue in January 2025 and placing of new shares under general mandate in June 2025.

Fund-raising activities in the past 12 months

1. *The rights issue on the basis of one (1) rights share for every one (1) existing shares held on the record date on a non-underwritten basis and the compensatory arrangements.*

   On 22 January 2025, the Company completed a rights issue at a price of HK$0.326 per rights share (the "**Subscription Price**") on the basis of one (1) rights share for every one (1) existing shares held by the qualifying shareholders on the record date (i.e. 20 December 2024) (the "**Rights Issue**") by issuing up to 287,360,964 rights shares and raised up to the net proceeds of HK$90.10 million (the "**Net Proceeds**").

   Referring to the announcement dated 5 June 2025 (the "**Announcement**"), a total of approximately HK$75.10 million of the net proceeds from the Rights Issue had been utilised by the Group according to the allocation as set out in the Prospectus and the remaining net proceeds from the Rights Issue amount to approximately HK$15.00 million (the "**Remaining Net Proceeds**"). The Board has resolved to change the use of the Remaining Net Proceeds as follows:

Use of proceeds from the Rights Issue	**Intended use of Net Proceeds as disclosed in the Prospectus** *HK$'million*	**Change the use of the Remaining Net Proceeds as at the date of this Announcement** *HK$'million*	**Fully Utilised the Net Proceeds as at 31 December 2025** *HK$'million*
Repayment of debts	68.00	15.00	83.00
Investment in biomass gas project	15.00	(15.00)	–
General working capital of the Group	7.10	–	7.10
	90.10	–	90.10

   As at 31 December 2025, the Company had fully utilised the Net Proceeds.

2. *Placing of new shares under general mandate*

The Placing was completed on 16 June 2025 in accordance with the terms and conditions of the Placing Agreement. A total of 57,472,000 Placing Shares had been successfully placed by the Placing Agent to not less than six (6) Placees at the Placing Price of HK$0.228 per Placing Share pursuant to the Placing Agreement. The net proceeds of HK$12.60 million had been utilized by the Company as follows:

Use of proceeds from the allotment and issued new shares under general mandate	**Intended use of net proceeds** *HK$' million*	**Actual use of proceeds as at 31 December 2025** *HK$' million*
Repayment of debts	10.00	10.00
General working capital of the Group	2.60	2.60

3. Subsequent to the financial year ended 31 December 2025, the Company has proposed the issuance of convertible bonds of HK$278.25 million (equivalent to approximately RMB250.0 million). The proposed issuance is subject to the approval of shareholders at the EGM scheduled on 14 April 2026 and to raise up to the net proceeds of HK$277.50 million. The Company intends to utilise all net proceeds for the repayment of the IFC Indebtedness and other liabilities of the Company. Please refer to the MATERIAL EVENTS AFTER THE YEAR UNDER REVIEW for further details on the issuance of the convertible bonds.

Capital Expenditures

During the Year, the Group incurred capital expenditures amounting to HK$0.09 million (FY2024: HK$1.48 million) for acquisition of concession intangible assets.

INVESTMENT PROPERTY

As at 31 December 2025, the Group held the following investment property in Nanjing for leasing:

Location	**Usage**	**Approximately gross floor area** *(square meters)*	**Lease terms**	**% of occupancy rate**	**Group's interest** *(%)*
Nanjing Space Big Data Industry Base					
No. 88, Kangyuan Road, Qilin Science and Technology Innovation Park, Nanjing	Commercial	17,808.23	Long	64%	100%

As at 31 December 2025, the carrying value of Nanjing Property Project decreased to HK$160.66 million (as at 31 December 2024: HK$175.05 million). The decrease in investment properties by HK$14.39 million was due to the fair value loss on investment properties in Nanjing Property Project. As at 31 December 2025 and as at 31 December 2024, the Nanjing Property Project has a total gross floor area of 17,808.23 square meters. For the FY2025, the gross rental income arising from Nanjing Property Project after deducting the related outgoings amounted to HK$4.44 million (FY2024: HK$4.37 million including HK$0.44 million for the Yichun Water Group).

INVENTORIES

As at 31 December 2025, the inventories of the Group recorded HK$48.04 million, which comprised raw materials for the use of renewable energy business and deliverable products for the waste management and recycling business (as at 31 December 2024: HK$57.59 million).

PORTFOLIOS AND PERFORMANCE OF SECURITIES INVESTMENTS

As at 31 December 2025, the fair value of securities investments of the Group (including held-for-trading investments and held-for-long term investments) was amounted to HK$10.75 million (as at 31 December 2024: HK$13.91 million) representing 0.53% of the total asset value of HK$2,016.71 million as at 31 December 2025. The decrease of HK$3.16 million was mainly due to the disposal of investments in China Best Group Holding Ltd. and the unrealized fair value loss from the Guangdong Finance Industry Strategic Fund. The securities investments of the Group comprised listed securities in Hong Kong and investment funds in the PRC. The following analysis was of the Group's investments at the end of the reporting period:

List of stocks in terms of market value as at 31 December 2025

Name of stock listed on the Stock Exchange	Stock code	Brief description of the business	Number of shares held as at 31 Dec 2025	No. of issued ordinary share as at 31 Dec 2025	Effective interest held as at 31 Dec 2025	Initial investment cost *HK$'000*	Market value as at 31 Dec 2025 *HK$'000*	Unrealised/ Realised gain/ (loss) for the year ended 31 Dec 2025 *HK$'000*	Accumulated unrealised holding gain/ (loss) on revaluation *HK$'000*	Percentage to total assets value of the Group as at 31 Dec 2025	Classification
Fy Financial (Shenzhen) Co., Ltd. — H Shares	8452	Provision of financial leasing, factoring, advisory services and customer referral services and the supply of medical equipment in the PRC and leasing of 5G base station and energy storage business	844,000	89,840,000	0.94%	988	244	–	(744)	0.01%	FVOCI
China Tangshang Holdings Limited	674	Money lending business, property sub-leasing and investment business and property development business	3,580,000	3,428,466,570	0.10%	908	294	–	(614)	0.01%	FVOCI
Chinese Energy Holdings Limited *(Note 2)*	8009	General trading (including market sourcing of technical and electronic products); trading of LNG products; money lending and investment in financial assets	250	58,900,537	0.00%	2	–	–	(2)	0.00%	FVPL
Total							538	–	(1,360)	0.02%	
Name of unlisted investment		**Brief description of the business**									
Guangdong Finance Industry Strategic Fund * *(Note 1)*		Investment in unlisted equity	N/A		N/A	8 ,998	10,207	–	1,209	0.51%	FVPL
Total							10,207	–	1,209	0.51%	
Total							10,745	–	(151)	0.54%	

Note 1: The functional currency of the investment is RMB. The initial investment cost is RMB8.13 million (equivalent to HK$9.00 million). The market value as at 31 December 2025 is RMB9.22 million (equivalent to HK$10.21 million).

Note 2: Chinese Energy Holdings Limited was delisted from the GEM of the Stock Exchange on 29 December 2023.

FVPL: Financial assets at fair value through profit or loss.

FVOCI: Financial asset at fair value through other comprehensive income.

N/A: not applicable

For the FY2025, the Group recorded net loss on financial assets at fair value through profit or loss HK$1.33 million on FVPL (FY2024 of fair value gain: HK$0.38 million). During the Year, amid the ongoing geopolitical and economic tensions, the global economic recovery was characterised by uncertainty, the Board has scaled down short-term investment in equity trading and managed the investment portfolio in accordance with the Group's investment objectives and policies with a view to gaining good investment yields for our shareholders. In view of the above, the Board will monitor stock market development closely and capture opportunities in a prudent manner so as to balance the investment risks of the Group.

TRADE AND OTHER RECEIVABLES

As at 31 December 2025, the Group's trade and other receivables, (net of loss allowance) were approximately HK$874.64 million (as at 31 December 2024: HK$893.72 million), which comprised of: (i) net trade receivables of HK$774.89 million, (ii) net other receivables of HK$45.65 million, (iii) net loan receivables of HK$3.22 million, and (iv) net deposits and prepayments of HK$50.88 million.

As at 31 December 2025, trade receivables, (net of loss allowance) of the Group decreased by HK$4.25 million to HK$774.89 million (as at 31 December 2024: HK$779.14 million) which was primarily attributable to the government on-grid tariff subsidies partially received and revenue generated from the renewable energy business reduced which was offset by the continued slowdown in payment of sewage treatment fees, and the revenue in the recycling business of glass and food waste collection.

(A) Trade receivables

(i) The net trade receivables from the renewable energy business amounted to HK$678.92 million (as at 31 December 2024: HK$700.11 million) which comprised of: (i) the government on-grid tariff subsidies receivable amounted to HK$672.07 million (as at 31 December 2024: HK$686.04 million); and (ii) the electricity sales receivable from local grid companies of HK$6.85 million (as at 31 December 2024: HK$14.07 million), which in aggregate accounted for 87.62% of net trade receivables of the Group. The above-mentioned tariff subsidies receivables will be settled in accordance with the prevailing government payment policies including (i) Caijian [2020] No. 4 Guidelines on the Stable Development of Non-Water Renewable Energy Generation (關於促進非水可再生能源發電健康發展的若干意見) and (ii) Caijian [2020] No. 5 Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) updated in January 2020 which jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration;

and (iii) Caijian [2020] No. 70 Notice on Accelerating the Review of the List of Renewable Energy Power Generation Subsidy Projects (加快推進可再生能源發電補貼項目清單審核有關工作的通知) published by Ministry of Finance in November 2020 and the prevalent payment trends of Ministry of Finance of the PRC. There were no pre-determined due date for settlement of the tariff subsidies. The trade receivables from renewable energy business were considered as fully recoverable given there were no bad debt experiences with the local grid companies in the past and the above-mentioned tariff subsidies were provided by the relevant PRC government authorities. During the Year, the management has reassessed the credit risk based on the historical settlement records, the ageing of the tariff subsidies receivables and taking into account prevailing economic conditions as at 31 December 2025, the Group is confident on the recoverability of these account receivables. In light of this, no impairment loss on trade receivable relating to the renewable energy business was provided for the FY2025 (FY2024: HK$8.60 million).

(ii) The net trade receivables from compressed natural gas & service income from collection of landfill gas & the sale of solid organic fertilizer amounted to HK$5.66 million, representing 0.73% of the net trade receivables of the Group (as at 31 December 2024: HK$7.61 million). The Group considered the default risk for such balances to be insignificant. For the FY2025, no impairment loss was recognized on these trade receivables (FY 2024: Nil).

(iii) The net trade receivables from the sewage treatment services amounted to HK$69.40 million (as at 31 December 2024: HK$48.91 million), representing 8.96% of the net trade receivables of the Group. The increase of HK$20.49 million was mainly due to the increase in sewage treatment fees as a result of the completion of upgrading and modification works and the slowdown in payment of sewage treatment fees by the related local PRC government. Generally, trade receivables would be written off if the Group is of the view that the recovery of the amount was remote. In view of the historical repayment record, the Group considered the default risk for such balances to be insignificant and, the ECL to be minimal. No impairment loss was recognized on these trade receivables in FY2025 (FY2024: Nil).

(iv) The net trade receivables from the sales of completed properties amounted to HK$7.64 million (as at 31 December 2024: HK$10.10 million), representing 0.99% of the net trade receivables of the Group. Considerations in respect of the completed properties sold in Nanjing Property Project are payable by the purchasers in accordance with the terms of the related sales and purchase agreements. In the second half of 2022, the properties sold were handed over to customers. Those receivable balances are pending for their mortgage procedures. The Group considered the default risk for such balances to be insignificant. Accordingly, no impairment loss on this segment was provided for the FY2025 (FY2024: Nil).

(v) The net trade receivables from the recycling business of glass and food waste collection amounted to HK$13.26 million (as at 31 December 2024: HK$12.15 million), representing 1.71% of the net trade receivables of the Group. The increase of HK$1.11 million was mainly due to the operation of food waste collection commenced in March 2024, resulting in bringing new income to the Group. The Group considered the default risk for such balances to be insignificant. For the FY2025, no impairment loss was recognized on these trade receivables (FY2024: Nil).

(B) Net other receivables

As at 31 December 2025, the Group's other receivables, (net of loss allowance) dropped by HK$7.09 million to HK$45.65 million due to the refund of land acquisition funds (as at 31 December 2024: HK$52.71 million). The balance of net other receivables represented mainly tax recoverable, refundable of legal enforcement fee, income receivable from the construction project and from the sale of equipment facilities. For the FY2025, no impairment allowance was recognized (FY2024: Nil).

(C) Net loan receivables

As at 31 December 2025, loans receivables, (net of loss allowance) of the Group increased by HK$2.64 million to HK$3.23 million mainly due to the appreciation of the Renminbi exchange rate (as at 31 December 2024: HK$0.59 million).

As at 31 December 2025, the gross loans receivables of the Group mainly comprised of loans to independent private companies in the PRC and/or Hong Kong and an individual merchant in Hong Kong (the "**Borrowers**"). The loans are interest-bearing with rates ranging from 0% to 24% per annum and maturities ranging from 1 month to 12 months. None of the Borrowers has pledged any of their assets to the Group to secure the loans. The Group has obtained the personal guarantee provided by the respective guarantors as security for certain loans.

Prior to granting the respective loans to the Borrowers, the Group conducted a credit assessment on certain Borrowers and/or guarantors, which included (i) conducting background searches on the respective Borrowers and/or guarantors; (ii) obtaining and reviewing information in relation to the financial background of the Borrowers and/or guarantors; and (iii) assessing whether the Borrowers would provide a pledge and/or guarantee in relation to their respective loans.

Once any loans receivable were overdue and/or defaulted, the Group adopted collection/recovery actions including, but not limited to issuing demand letters, re-negotiating repayment terms and methods with Borrowers and/or guarantors, and consulting with legal advisers to ascertain whether Borrowers have assets in the HK and/or PRC and considering commencing legal proceedings depending on the results of such searches. Recoverability and impairment assessments would also be carried out accordingly.

The Group has noticed that a number Borrowers failed to repay the loans when due, with certain Borrowers and/or guarantor went into liquidation. During the Year, the impairment loss of HK$0.99 million was recorded (FY2024: HK$4.83 million). The decrease in impairment loss was primarily attributable to the fact that the majority of the gross loan receivables were almost fully impaired as at 31 December 2024. As at the date of this announcement, the Group continues to employ various channels to ascertain whether Borrowers possess any assets. Where such assets are identified, the Group will promptly initiate legal proceedings to recover the outstanding loan amounts.

(D) Net deposits and prepayments

As at 31 December 2025, the Group recorded deposits and prepayments, (net of loss allowance) of HK$50.88 million (as at 31 December 2024: HK$61.28 million). The decrease of HK$10.4 million was mainly due to the utilisation of finance lease deposits to settle lease payments and the amortization of costs related to the finance lease expenses, repairs and drilling activities. The net balance of deposits and prepayment were mainly attributable to prepayment/deposit made in respect of the repairs and drilling works, prepayment made to suppliers and/or sub-contractors for material procurement and construction works, and consultancy fees for the provision of finance lease arrangements, prepayment for overseas projects, various security deposits including glass management contract, construction service contracts and the finance lease. For the FY2025, the impairment loss of HK$1.50 million has been provided (FY2024: HK$0.77 million).

LIABILITIES AND GEARING

As at 31 December 2025, the Group's total liabilities (including both current and non-current) amounted to HK$1,140.59 million (as at 31 December 2024: HK$1,264.14 million). The decrease of HK$123.55 million was mainly due to the repayment of bank and other borrowings together with finance lease liabilities during the Year. Except for the issuance of bonds and non-financial institution loan denominated in HK$, borrowings were mainly denominated in RMB.

The Group's gearing ratio as at 31 December 2025 was 56.56% (as at 31 December 2024: 54.51%). The ratio was calculated by dividing total liabilities of the Group of HK$1,140.59 million (as at 31 December 2024: HK$1,264.14 million) over total assets of the Group of HK$2,016.71 million (as at 31 December 2024: HK$2,319.17 million).

DEBTS ANALYSIS

As at 31 December 2025, the Group's total bank and other borrowings were HK$463.48 million (as at 31 December 2024: HK$563.05 million). For the maturity profile, refer to the table below:

	31-Dec-25		31-Dec-24	
Debt Analysis	***HK$'000***	*%*	*HK$'000*	*%*
Classified by maturity				
— repayable within one year				
Bank borrowings	**342,445**	**73.89**	107,755	19.14
Other loans	**121,035**	**26.11**	137,153	24.36
	463,480	**100.00**	244,908	43.50
Classified by maturity				
— repayable more than one year				
Bank borrowings	**–**	**0.00**	257,058	45.65
Other loans	**–**	**0.00**	61,084	10.85
	–	**0.00**	318,142	56.50
Total bank and other borrowings	**463,480**	**100**	563,050	100
Classified by type of loans				
Secured	**433,521**	**93.54**	447,050	79.40
Unsecured	**29,959**	**6.46**	116,000	20.60
	463,480	**100**	563,050	100
Classified by type of interest				
Fixed rate	**413,589**	**89.24**	459,617	81.63
Variable-rate	**47,289**	**10.20**	72,980	12.96
Interest free rate	**2,602**	**0.56**	30,453	5.41
	463,480	**100**	563,050	100

OTHER LOANS

1. Issuance of bonds through the placing agent

On 18 January 2018, the Company entered into a placing agreement with Prior Securities Limited (the "**Placing Agent**") pursuant to which the Placing Agent on a best effort basis, arranging independent placees to subscribe for 6% coupon unlisted bonds with a term of 90 months in aggregate principal amount of up to HK$100.00 million ("**Bond**"). On 17 January 2020, the Company has completed the issuance of the Bond to the placees in an aggregate principal amount of HK$20.00 million. As at 31 December 2025, the outstanding Bond amounted to HK$19.82 million and was classified as an other loan (as at 31 December 2024: HK$18.54 million).

2. Loans from related companies

As at 31 December 2025, loans from related companies amounted to approximately of HK$54.50 million (as at 31 December 2024: HK$85.00 million).

As at 31 December 2025, the Bond of HK$19.82 million and loans from related companies of HK$54.50 million totalled HK$74.32 million, representing of 61.40% of the other loans, which were utilized as general working capital, repayment of debts, and/or acquisition activities.

TRADE AND OTHER PAYABLES

As at 31 December 2025, the Group's trade and other payables were approximately HK$416.27 million (as at 31 December 2024: HK$385.75 million). The increase in trade and other payables of HK$30.52 million was mainly due to the litigation claim payable to Guangdong Yuecai and Zhuhai Hengqin for the repurchase of their equity interests in New China Water (Nanjing), together with the additional project payments and other expenses payable to overseas projects. The credit terms for trade payables vary depending on the terms agreed upon with different suppliers.

BUSINESS REVIEW BY SEGMENT

The financial performance analysis of the Group by segments is as follows:

	Revenue				Gross Profit/Loss) (GP)						2025 vs 2024		
	HK$' M 2025	*% to the total*	*HK$' M 2024*	*% to the total*	*HK$' M 2025*	*% to the total*	*% GP margin*	*HK$' M 2024*	*% to the total*	*% GP margin*	*Revenue HK$ M*	*Gross Profit HK$ M*	*GP Margin %*
Water supply business	**0.00**	**0.00**	83.10	15.49	**0.00**	**0.00**	**–**	25.62	29.40	30.83	(83.10)	(25.62)	–
Sewage treatment business	**57.28**	**24.50**	83.41	15.54	**27.24**	**609.40**	**47.56**	35.26	40.47	42.27	(26.13)	(8.02)	5.29
Construction service business	**0.09**	**0.04**	125.16	23.32	**(1.77)**	**(39.60)**	**(1,966.67)**	30.59	35.11	24.44	(125.07)	(32.36)	(1,942.23)
Sub-total	**57.37**	**24.54**	291.67	54.35	**25.47**	**569.80**	**44.40**	91.47	104.98	31.36	(234.30)	(66.00)	13.04
Exploitation and sale of renewable energy business	**104.77**	**44.80**	191.19	35.63	**(32.93)**	**(736.69)**	**(31.43)**	(12.75)	(14.63)	(6.67)	(86.42)	(20.18)	(24.76)
Property Development	**0.00**	**0.00**	0.00	0.00	**0.00**	**0.00**	**–**	0.00	0.00	–	0.00	0.00	–
Waste Management and Recycling	**71.70**	**30.66**	53.78	10.02	**11.93**	**266.89**	**16.64**	8.41	9.65	15.64	17.92	3.52	1.00
Total	**233.84**	**100.00**	536.64	100.00	**4.47**	**100.00**	**1.91**	87.13	100.00	16.24	(302.80)	(82.66)	(14.33)

1.1 Water supply business

Following the completion of the disposal of Yichun Water Group in September 2024, the Group ceased its involvement in the water supply business in the PRC.

1.2 Sewage treatment business

Following the completion of the disposal of Yichun Water Group (which held two sewage treatment projects), as at 31 December 2025, the Group has three sewage treatment projects which are located in Guangdong and Shandong provinces (FY2024: five projects) and the daily aggregate sewage disposal capacity was approximately 80,000 tonne (FY2024: 80,000 tonne).

For the FY2025, the revenue and gross profit of the Group were amounted to HK$57.28 million and HK$27.24 million respectively. During the Year, the Group processed in aggregate of 28.76 million tonne of waste water (FY2024: 28.49 million tonne), represented an increase of 0.95% over the last corresponding year. Compared to the FY2024, the Group's revenue and gross profit decreased by HK$26.13 million and HK$8.02 million, respectively. The significant decline in both revenue and gross profit was primarily attributable to the disposal of Yichun Water Group. Excluding the revenue of HK$36.08 million and gross profit of HK$13.28 million from the Yichun Water Group recorded in FY2024, the Group's revenue and gross profit increased by HK$9.95 million and HK$5.26 million, respectively. This improvement was mainly driven by higher sewage treatment fees following the completion of upgrading and modification works at the Jining Haiyuan project in December 2024. The average rates for sewage treatment of the Group ranged from HK$1.44 to HK$2.28 per tonne (FY2024: HK$1.36 to HK$2.10 per tonne).

Analysis of sewage treatment projects on hand is as follows:

	Project name	Equity interest held by the Company *(%)*	Designed daily sewage disposal capacity *(tonne)*	Provincial cities in PRC	Exclusive operating right (expiry in)
1	Jining Haiyuan	70	30,000	Shandong	2036
2	Jining Haisheng	100	30,000	Shandong	2049
3	Gaoming Huaxin	70	20,000	Guangdong	2033
	Total		80,000		

1.3 Construction services for sewage treatment infrastructure

During the Year, construction services provided by the Group was the infrastructure construction for sewage treatment projects. For the FY2025, the Group recorded revenue of HK$0.09 million and a gross loss of HK$1.77 million, (FY2024: revenue of HK$148.77 million and a gross profit of HK$47.41 million). Compared with the FY2024, the significant decline of business performance in the FY2025 was primarily attributable to: (i) the completion of the disposal of Yichun Water Group in September 2024, (ii) the conclusion of upgrading and modification works on the sewage treatment plant during 2024; and (iii) a reduction in construction activities in 2025.

1.4 Exploitation and sales of renewable energy business

Up to the date of this announcement, the Group had 23 projects in operation with a total installed capacity of 31.29 MW. For the FY2025, the revenue and gross loss of the Group recorded HK$104.77 million and HK$32.93 million respectively (FY2024: revenue of HK$191.19 million and gross loss of HK$12.75 million). Compared with the FY2024, the revenue declined by HK$86.42 million while the gross loss widened by HK$20.18 million.

The decline in business performance was mainly due to (i) the decrease in number of landfill site in operation; (ii) the substantial reduction in the volume of on-grid electricity due to less available new garbage being delivered to the landfill sites for the generation of electricity as a result of the operation of local incineration projects; and (iii) majority of the operating expenses were non-variable in nature and did not decrease in the same magnitude when revenue decreased. During the Year, the Group had 23 projects in operation (FY2024: 27 projects), generating approximately 249,530.89 MWh of on-grid electricity which represented a decrease of 20.37% compared to FY2024 (FY2024: 313,379.26 MWh). As at 31 December 2025, the Group accumulated a total installed capacity of 31.29 MW, representing a decrease of 69.70% compared to the FY2024 (as at 31 December 2024: 103.28 MW). For the FY2025, the average electricity rate of the Group was HK$0.40 per kilowatt-hour and the average CNG rate was HK$2.57 per m^3 (FY2024: HK$0.52 per kilowatt-hour and the average CNG rate was HK$2.63 per m^3).

Included in revenue of FY2025 was HK$90.64 million (FY2024: HK$119.10 million) and HK$5.04 million (FY2024: HK$49.35 million) derived from the sales of electricity to local grid companies and the government tariff subsidies, respectively. The analysis of financial performance was as follows:

		For the year ended 31 December		
		2025	2024	Variance
Exploitation and sale of renewable energy business				
— Sale of electricity				
Revenue	*HK$'million*	**95.68**	170.96	(75.28)
Gross (loss)/profit	*HK$'million*	**(31.20)**	(9.47)	(21.73)
— Sale of compressed natural gas				
Revenue	*HK$'million*	**7.09**	13.34	(6.25)
Gross (loss)/profit	*HK$'million*	**(0.66)**	(2.51)	1.85
— Service income from collection of landfill gas				
Revenue	*HK$'million*	**2.00**	1.68	0.32
Gross (loss)/profit	*HK$'million*	**(1.07)**	(2.01)	0.94
— Sale of solid organic fertilizer				
Revenue	*HK$'million*	**–**	5.21	(5.21)
Gross (loss)/profit	*HK$'million*	**–**	1.24	(1.24)
Total				
Revenue	*HK$'million*	**104.77**	191.19	(86.42)
Gross (loss)/profit	*HK$'million*	**(32.93)**	(12.75)	(20.18)

		2025	**% to total**	2024	% to total
Summary of revenue					
Government tariff subsidies	*HK$'million*	**5.04**	**4.81%**	49.35	25.81%
The sale of electricity to local grid companies	*HK$'million*	**90.64**	**86.51%**	119.10	62.29%
Other	*HK$'million*	**–**	**–%**	2.51	1.32%
		95.68	**91.32%**	170.96	89.42%
Compressed natural gas & service income from collection of landfill gas & sale of solid organic fertilizer	*HK$'million*	**9.09**	**8.68%**	20.23	10.58%
		104.77	**100%**	191.19	100.00%

1.5 Property Investment and development

Yichun Water Group has held equity interests in two property projects namely Wenbifeng Office Building* (文筆峰辦公樓) and Water Supply Company Datang Water Quality Monitoring and Control Building Construction* (供水公司大樓水質化驗調度大樓建設). Following completion of the Disposal of the Yichun Water Company in September 2024, the aforesaid property projects ceased to contribute to the Group's operational performance.

As at 31 December 2025, the number of property projects decreased from four projects to two projects, which are located in Nanjing and Huizhou City (As at 31 December 2024: two projects) with a total site area of approximately 56,884 square meters.

The development status of the property projects of the Group is as follows:

	Name of project	Location	Stage of completion	Actual/ expected date of completion	Major usage/ purpose	Approximate site area (square meters)	Estimated gross floor area after completion (square meters)	Lease term (years)	Group's interest (%)
1	Nanjing Space Big Data Industry Base (南京空間大數據產業基地)	No. 88, Kangyuan Road, Qilin Science and Technology Innovation Park, Nanjing	Completed	Mar-22	Research and development/ Commercial (50% for sale and 50% for leasing)	26,340	72,853	50 years	100
2	Honghu Blue Valley Wisdom Square* (鴻鵠藍谷智慧廣場)	No. 3 Taihao Road, Block 3 Centre, Gaoxin Science and Technology Industrial, Huinan Road East, Huicheng District, Huizhou City, Guangdong Province, the PRC	Under construction (95%)	Apr-27	Research and development Centre/ Commercial (for sale and/or for lease)	30,544	43,738	50 years	100
						56,884	116,591		

1.6 Waste Management and Recycling

In 2023, Hong Kong Glass Resources Limited ("**Glass Resources**"), an indirect wholly-owned subsidiary of the Company, was awarded two five-year glass management contracts (the "**Glass Management Contracts**") for the Kowloon and New Territories regions by the Environmental Protection Department of Hong Kong (the "**EPD**"), with an aggregate contract value of approximately HK$319.00 million. In February 2024, Glass Resources was further awarded a 39-month service contract (the "**Food Waste Contract**") by the EPD to provide food waste collection services in Kowloon West, at a contract sum of approximately HK$87.00 million.

For the FY2025, the Group reported revenue of HK$71.70 million and a gross profit of HK$11.93 million, compared to revenue of HK$53.78 million and gross profit of HK$8.41 million for the corresponding last year. The increase in revenue was primarily driven by the expansion of collection points for glass bottles and the commencement of operations under the Food Waste Contract in March 2024. While only nine months of operational performance from the Food Waste Contract were reflected in the FY2024, FY2025 captured a full year's contribution from this contract, thereby enhancing both revenue and gross profit.

		For the year ended 31 December		
		2025	2024	Variance
Glass Management Service				
Revenue	*HK$'million*	**42.49**	34.60	7.89
Gross (loss)/profit	*HK$'million*	**8.42**	6.11	2.31
Food Waste Service				
Revenue	*HK$'million*	**29.21**	19.18	10.03
Gross (loss)/profit	*HK$'million*	**3.51**	2.30	1.21
Total				
Revenue	*HK$'million*	**71.70**	53.78	17.92
Gross (loss)/profit	*HK$'million*	**11.93**	8.41	3.52

MATERIAL EVENTS DURING THE YEAR UNDER REVIEW

A. Fund Raising Activities

(1.1) the rights issue on the basis of one (1) rights share for every one (1) existing shares held on the record date on a non-underwritten basis and the compensatory arrangements

On 22 January 2025, the Company completed a rights issue at a price of HK$0.326 per rights share (the "**Subscription Price**") on the basis of one (1) rights share for every one (1) existing shares held by the qualifying shareholders on the record date (i.e. 20 December 2024) (the "**Rights Issue**") by issuing up to 287,360,964 rights shares.

There were 287,360,964 Rights Shares offered under the Rights Issue, on Friday, 10 January 2025, being the latest time for acceptance, applications of a total of 181,236,446 Rights Shares, representing approximately 63.07% of the total number of the Offered Shares, was received. Accordingly, the Rights Issue was undersubscribed by 106,124,518 Rights Shares, representing approximately 36.93% of the total number of rights shares offered under the Rights Issue. On 20 January 2025, all of the 106,124,518 Unsubscribed Rights Shares under the compensatory arrangements were successfully placed by the placing agent to not less than six independent placees at the price of HK$0.326 per unsubscribed rights share, which was equivalent to the Subscription Price. As all the conditions with respect to the Rights Issue as set out in the prospectus have been fulfilled, the Rights Issue became unconditional at 4:00 p.m. on Wednesday, 22 January 2025.

As mentioned in the circular dated 15 November 2024, the Group had outstanding debt liabilities amounting to approximately HK$200.79 million, which were either repayable on demand or due within three months. After evaluating various funding options, the Board is of the view that the proposed Rights Issue represents the most time- and cost-efficient method for the Company to raise capital. This approach enables the Group to strengthen its financial position without further increasing its indebtedness or interest burden.

The gross proceeds from the Rights Issue were amounted to approximately HK$93.68 million and the net proceeds from the Rights Issue, after deducting all relevant expenses for the Rights Issue, amounted to approximately HK$90.10 million of which (i) approximately HK$68.00 million (representing approximately 75% of the net proceeds) for the repayment of debts; and (ii) approximately HK$15.00 million (representing approximately 17% of the net proceeds) for the investment in biomass gas project; and (iii) approximately HK$7.10 million (representing approximately 8% of the net proceeds) for general working capital of the Group (including but not limited to the payment of salaries, rental expenses, professional fees and/or other corporate expenses). The net subscription price per Rights Share was approximately HK$0.3135. As of 5 June 2025, approximately HK$75.10 million of the net proceeds from the Right Issue had been applied in accordance with the originally stated purposes. The remaining HK$15.00 million has been reallocated for alternative use. For further details, please refer to section (1.2) — change in use of proceeds from the Rights Issue.

For details, please refer to (i) announcements dated 4 October 2024, 7 October 2024, 6 November 2024, 7 November 2024; (ii) circular dated 15 November 2024; and poll results announcement dated 9 December 2024; and (iii) prospectus dated 23 December 2024 (the "**Prospectus**"); and the announcement dated 14 January 2025 and 28 January 2025 in relation to the acceptance of rights shares and the results of the Rights Issue respectively.

(1.2) change in use of proceeds from the Right Issue

As disclosed in the Prospectus, the net proceeds of approximately HK$90.10 million (the "**Net Proceeds**") from the Rights Issue shall be applied (i) approximately HK$68.0 million for the repayment of debts; (ii) approximately HK$15.0 million for the investment in biomass gas project; and (iii) approximately HK$7.1 million for used as the general working capital of the Group. Further to the Company's announcement dated 5 June 2025, the Group has utilised approximately HK$75.10 million of the net proceeds from the Rights Issue in accordance with the allocation outlined in the Prospectus. The remaining net proceeds from the Rights Issue, amounting to approximately HK$15.00 million (the "**Remaining Net Proceeds**"), have been reallocated and applied by the Board towards the repayment of outstanding liabilities. This reallocation enables the Company to optimise the use of its financial resources more effectively. As at 31 December 2025, the Company had fully utilised the Remaining Net Proceeds for its intended purpose. For details, please refer to the announcement dated 5 June 2025.

(2) Placing of new shares under general mandate

On 5 June 2025, Kingston Securities Limited (the "**Placing Agent**") and the Company entered into the placing agreement (the "**Agreement**") pursuant to which the Placing Agent agreed to place, on a best effort basis, up to 57,472,000 placing shares (the "**Placing Shares**") at a price of HK$0.228 per placing share. On 16 June 2025, a total of 57,472,000 Placing Shares have been successfully placed by the Placing Agent to not less than six (6) placees at the Placing Price of HK$0.228 per Placing Share pursuant to the Placing Agreement. The net proceeds from the Placing received by the Company, after deducting all related costs, fees, expenses and commission, are approximately HK$12.60 million, representing a net issue price of approximately HK$0.220 per Placing Share. Apart from the proceeds generated from the aforementioned Rights Issue, the Group intends to settle its outstanding debts through operating cash flows, the collection of trade receivables, and proceeds from other potential fundraising initiatives. These included the placement of new Shares under the general mandate and debt financing arrangements. According to the Company's management accounts, as at 31 May 2025, the total amount of debts due for repayment either on demand or within three months was approximately HK$203.64 million. It is imperative for the Group to address and repay these outstanding liabilities in a timely manner. The Board is of the view that the placement of new Shares represents an effective solution for resolving the Group's debt obligations without incurring additional interest expenses. This approach is considered prudent and in the best interest of preserving the Group's financial stability. As at 31 December 2025, the Company had fully utilised the net proceeds for its intended purpose. For details, please refer to the announcements dated 5 June 2025 and 16 June 2025.

B.1. The Cooperation Agreement for overseas projects

(i) on 20 March 2025, the Company entered into a MOU with the regional government of Semarang Regency, Indonesia, (the "**Semarang Regency Government**") in relation to a potential cooperation on the management of a landfill site (the "**Landfill**") situated at Semarang, Indonesia including but not limited to utilizing landfill gas from the Landfill for power generation, operation and management of the Landfill, and leachate treatment. For details, please refer to the announcement dated 20 March 2025.

On 23 October 2025, PT Blondo Lestari Energi ("**PT Blondo**"), being an indirect non-wholly owned subsidiary of the Company, entered into a cooperation agreement (the "**Cooperation Agreement**") with the Semarang Regency Government in relation to the implementation, management and operation of a waste processing system at the Blondo final processing site (the "**Site**") situated at Semarang Regency, which is located in the northern part of Central Java, Indonesia, with a gross area of 69,688 square meters. The purpose of the Cooperation Agreement is to create a waste processing system at the Site which would utilise methane gas as an energy source for the generation of electrical energy (the "**Project**"), thereby improving the quality of public services in the environmental sector, encouraging economic growth through the development of the waste processing industry, and overcoming waste problems in Semarang Regency. The term of the Project is thirty (30) years commencing from the date of the Cooperation Agreement, i.e. from 23 October 2025 to 22 October 2055. For details, please refer to the announcement dated 23 October 2025.

B.2 The Memorandum of understanding (the "MOU") for potential overseas projects

(i) on 24 March 2025, the Company entered into a MOU with the Sidoarjo Regency Government in relation to a potential cooperation on the implementation the Landfill Gas-To-Energy ("**LFG**") system at a landfill site situated at Sidoarjo, Indonesia. For details, please refer to the announcement dated 24 March 2025. The signing of the two MOUs with the Semarang Regency Government and Sidoarjo Regency Government respectively, represents significant achievement of the Group in promoting and expanding its landfill and LFG business in overseas. For details, please refer to the announcement dated 24 March 2025.

(ii) on 17 June 2025, the Company entered into a MOU with the government of Pekanbaru City, Indonesia, (the "**Pekanbaru Government**") in relation to a potential cooperation on the implementation the Landfill Gas- To-Energy management project at the TPA Muara Fajar landfill situated at Pekanbaru City. The signing of the MOU with the Pekanbaru Government represents a critical step in the expansion of the Group's overseas renewable energy market and marks its third collaboration with the government in Indonesia. For details, please refer to the announcement dated 17 June 2025.

As the date of this announcement, the above MOU for potential projects are still under negotiations, further announcement will be made as and when necessary.

C. The Memorandum of understanding in relation to possible acquisitions

On 26 September 2025, the Company, as purchaser, entered into two non-legally binding memoranda of understanding with (i) Zhang Zhilung* (張志壠) ("**Vendor A**") and Li Xueying* (李雪穎) ("**Vendor B**") in respect of the possible acquisition by the Company to acquire the entire limited partnership interest in the Zhejiang Free Trade Zone Charity Enterprise Management Consulting Partnership Enterprise (Limited Partnership) (浙江自貿區善行企業管理諮詢合夥企業(有限合夥)); and (ii) Beijing Kangyun Information Consulting Center (Limited Partnership) (北京康運信息諮詢中心(有限合夥)) ("**Vendor C**") in respect of the possible acquisition by the Company to acquire 1% of the equity interest in the Beijing Baodian Information Technology Co., Ltd (北京隨身保典信息科技有限公司). For details, please refer to the announcement dated 26 September 2025.

D. Winding up Petition by Petitioner and Supporting Creditors

On 17 November 2025, International Finance Corporation (the " **IFC**") (the "**Petitioner**") was filed against the Company at the High Court of Hong Kong (the "**High Court**") by IFC for the winding up of the Company (the "**Winding Up Petition**") in relation to the outstanding principal amount of a sum of RMB216,602,900 together with interest accrued thereon (the "**IFC Indebtedness**") under (i) a loan agreement (the "**IFC Loan Agreement**") dated 20 May 2022 between New China Water (Nanjing) Renewable Resources Investment Co., Ltd. *(新中水(南京)再生資源投資有限公司) ("**NCW**"), an indirect non wholly-owned subsidiary of the Company, and IFC (as amended and supplemented by a deed of amendment and accession (the "**Deed of Amendment and Accession**") dated 12 July 2023 between NCW and IFC); and (ii) a guarantee (the "**Guarantee**") dated 20 May 2022 made by the Company in favour of IFC, pursuant to which the Company has guaranteed the obligations of NCW under the IFC Loan Agreement, the Guarantee and other guarantees and security documents (collectively, the "**IFC Financing Documents**"). Pursuant to the IFC Loan Agreement, IFC agreed to lend and NCW agreed to borrow the loan in the aggregate principal amount of RMB320.0 million (the "**IFC Loan**"), of which RMB301.27 million has been disbursed by IFC in two tranches, with the first tranche in the amount of RMB161.2 million in July 2022 at the interest rate of 5.082% per annum and the second tranche in the amount of RMB140.07 million in July 2023 at the interest rate of 4.78% per annum. NCW shall repay a relevant percentage of the full principal amount of the IFC Loan from 2023 to 2029.

On 19 November 2025, the Company has been served with a Notice of Intention to Appear on Petition by Gao Yuan (高原) (the "**Supporting Creditor I**"), a creditor for an outstanding indebtedness in a sum of HK$3,000,000, being the outstanding principal amount of a bond issued by the Company on 6 April 2018, indicating her intention to appear on the hearing of the Petition for supporting the Petition.

On 25 November 2025, the Company has received a Notice of Intention to Appear on Petition by Zhao Yuan (趙媛) (the "**Supporting Creditor II**"), a creditor for an outstanding indebtedness in a sum of HK$2,012,493, being the outstanding principal amount of a bond issued by the Company on 18 April 2018 together with the outstanding interest accrued thereon, indicating her intention to appear on the hearing of the Petition for supporting the Petition.

On 26 March 2026, each of Supporting Creditor I and Supporting Creditor II had transferred their respective interests in the bond to an independent third party and thus, they had ceased to be creditors of the Company and will no longer appear in any hearing of the Winding Up Petition. Following this, these supporting creditors will notify the High Court and the Petitioner of their withdrawal of the Intention to Appear on the Petition.

For details, please refer to the announcements of the Company dated 18 November 2025, 20 November 2025, 25 November 2025 and 27 November 2025.

E. Demand letter from Kingston Finance Limited

As disclosed in the annual report of the Company for the year ended 31 December 2024, on 19 March 2021, a loan agreement was entered into between China Water Industry (HK) Limited as borrower (the "**Borrower**"), being a wholly-owned subsidiary of the Company, and Kingston Finance Limited as lender (the "**Lender**"), in respect of a secured loan (the "**Loan**") in the principal amount of HK$80 million (the "**Loan Agreement**"). Pursuant to a guarantee dated 19 March 2021 given by the Company in favour of the Lender, the Company has guaranteed the obligations of the Borrower under the Loan Agreement and other financing and security documents. On 25 November 2025, the outstanding principal amount of the Loan amounted to HK$50 million (the "**Outstanding Amount**"). On 24 November 2025, the Borrower received a demand letter from the legal representative of the Lender, in which the Lender alleged that the Borrower was in default of the Loan and demanded repayment of the Outstanding Amount under the Loan Agreement by 26 November 2025, failing which the Lender will pursue necessary legal actions against the Borrower for recovery of the Outstanding Amount together with all accrued interests, legal costs and expenses without further notice.

For details, please refer to the announcement of the Company dated 25 November 2025.

MATERIAL EVENTS AFTER THE YEAR UNDER REVIEW

I. (i) Winding up Petition by Supporting Creditors

On 6 March 2026, the Company has received a Notice of Intention to Appear on Petition by Wang Jiandong (王建東) (the "**Supporting Creditor III**"), a creditor for an outstanding indebtedness in a sum of HK$2,000,000, being the outstanding principal amount of a bond issued by the Company on 15 June 2018, indicating his intention to appear on the hearing of the Petition for supporting the Petition.

On 13 March 2026, the Company has received a Notice of Intention to Appear on Petition by Chen Liguo (陳李國) (the "**Supporting Creditor IV**"), a creditor for an outstanding indebtedness in a sum of HK$2,000,000, being the outstanding principal amount of a bond issued by the Company on 29 March 2018, indicating his intention to appear on the hearing of the Petition for supporting the Petition.

For details, please refer to the announcements of the Company dated 6 March 2026 and 13 March 2026.

(ii) Adjournment of Winding-Up Petition Hearing

The Court first heard the winding-up Petition as mentioned above on 21 January 2026 and, following a joint consent application, adjourned the hearing to 11 February 2026. Further, at the hearing on 11 February 2026, the Court again adjourned the Petition, this time to 25 March 2026. Following the joint application by way of consent summons, the Court ordered, among other matters, that the hearing of the Petition further be adjourned to Wednesday, 29 April 2026. For details, please refer to the announcements of the Company dated 21 January 2026, 11 February 2026 and 24 March 2026.

II. Debt Rescheduling

On 16 February 2026, NCW, as borrower, entered into a loan agreement (the "**Bridging Loan Agreement**") with an Independent Third Party, as lender, pursuant to the lender conditionally agreed to advance a loan in the principal amount of RMB118.0 million (equivalent to approximately HK$131.33 million) to NCW (the "**Bridging Loan**") at the interest rate of 10% per annum for the purpose of partial settlement of the IFC Indebtedness. NCW shall repay principal amount and the interest accrued within 90 days from the date of drawdown of the Bridging Loan. The Bridging Loan will be available for drawdown upon fulfillment of all conditions precedent, including the execution of the Rescheduling Deed. As at the date of this announcement, the Bridging Loan has not been drawdown.

As at the date of this announcement, the Company and IFC are in negotiation in relation to the proposed rescheduling of the IFC Indebtedness (the "**Debt Rescheduling**"). Subject to further negotiation between the Company and IFC, a formal rescheduling deed (the "**Rescheduling Deed**") will be entered into between the Company and IFC in relation to the Debt Rescheduling. The Company intends to implement the Debt Restructuring which would involve, among other things, the rescheduling of the payment dates of the IFC Indebtedness.

III. Proposed Issue of Convertible Bonds

On 16 February 2026, the Company entered into the Subscription Agreement with the five subscribers including Flower Bull International Limited, Digital Advisors Limited, Mingta Fortune Hub Limited, Wonder Consulting Company Limited and Eastern Billion Industries Limited (collectively known as "**Subscribers**"), pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for, the Convertible Bonds in an aggregate principal amount of HK$278.25 million (equivalent to approximately RMB250.0 million) in five (5) tranches. Based on the initial Conversion Price of HK$0.308 per Conversion Share (subject to adjustment), a maximum of 903,409,090 Conversion Shares will be allotted and issued upon exercise of the Conversion Rights in full. The Conversion Shares will be allotted and issued under the Specific Mandate to be approved by the Shareholders at the EGM which is to be held on 14 April 2026.

The subscription timetable of the Convertible Bonds is aligned with the above-mentioned repayment schedule of the IFC Indebtedness, of which the Bond Consideration from the Tranche 1 Bonds will be utilised to settle the Bridging Loan and the Bond Consideration from the subsequent tranches of the Convertible Bonds to be subscribed will be utilised to repay the IFC Indebtedness and other liabilities of the Company, the completion date of the respective tranche of the Convertible Bonds is in line with the rescheduled repayment dates of the IFC Indebtedness. The estimated net proceeds from the proposed issue of the Convertible Bonds after deduction of related expenses (including professional fees) are approximately HK$277.50 million. The Company intends to utilise all net proceeds for the repayment of the IFC Indebtedness and other liabilities of the Company. Upon maturity of the Convertible Bonds, the Company intends to settle the principal amount of the Convertible Bonds with its internal resources including but not limited the recovery of receivables and possible disposal of its assets. For details, please refer to the announcement of the Company dated 16 February 2026 and the circular dated 20 March 2026.

SIGNIFICANT INVESTMENTS HELD

During the Year, the Group did not hold any significant investment in equity interest in any other company.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Save as disclosed herein, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the Year under review.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group had contingent liabilities in respect of guarantees in the mortgage facilities for certain purchasers of properties in the amount of HK$Nil (as at 31 December 2024: HK$0.47 million).

PLEDGE OF ASSETS

(a) The Group's obligations under finance leases, bank loans and other loans of HK$564.01 million in total as at 31 December 2025 (as at 31 December 2024 of the Group: HK$606.69 million) were secured by charges over:

   (i) property, plant and equipment in which their carrying amount was HK$237.88 million (as at 31 December 2024 of the Group: HK$182.72 million);

   (ii) right-of-use assets in which their carrying amount was HK$87.02 million (as at 31 December 2024 of the Group: HK$162.57 million);

   (iii) investment properties in which their carrying amount was HK$160.66 million (as at 31 December 2024 of the Group: HK$175.05 million);

   (iv) contractual rights to receive revenue generated by certain of our subsidiaries;

   (v) equity interests of certain subsidiaries of the Group; and

   (vi) bank accounts of certain subsidiaries of the Group.

(b) As at 31 December 2025, the Group's certain bank deposits of HK$20.33 million (as at 31 December 2024 of the Group: HK$20.33 million) were pledged to a bank for granting a banking facility of HK$21.00 million (as at 31 December 2024 of the Group: HK$21.00 million).

NO MATERIAL CHANGE

Save as disclosed in this announcement (including the recording of the net current liabilities position), during the Year, except for the winding up petition, there has been no material change in the Group's financial position or business since the publication of the latest annual report of the Company for the year ended 31 December 2024.

EMPLOYEES

As at 31 December 2025, excluding jointly controlled entities and associates, the Group had 354 employees (as at 31 December 2024: 376 employees excluding the Yichun Water Group), of which 53 are Hong Kong employees (as at 31 December 2024: 32). During the Year, total employee benefit expenses, including Directors' emoluments and provident funds, was HK$74.63 million (FY2024: HK$91.68 million excluding the Yichun Water Group). The drop in staff costs was a result of the cost control measures implemented by the laid-off employees in connection with the closure of landfill sites, staff redundancy payment recorded in the FY2024. Employees were remunerated on the basis of their performance and experience. Remuneration packages include salary, a year-end discretionary bonus and the New Option Scheme, which are determined with reference to the Group's operating results, market conditions and individual performance. Remuneration packages of Directors and senior management are normally reviewed as on annual basis by the Remuneration Committee. During the Year, all of the Hong Kong employees have participated in the Mandatory Provident Fund Scheme, and a similar benefit scheme is offered to employees in Mainland China. In addition, the Group encourage employees' participation in continuing training programmes, seminars and e-learning through which their career, knowledge and technical skills can be enhanced with the development of individual potentials.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company subsequent to the date of the annual report of the Company for the year ended 31 December 2024 required to be disclosed. The following changes in the composition of the nomination committee of the Company (the "**Nomination Committee**") with effect from 26 June 2025.

(1) Mr. Zhu Yongjun ("**Mr. Zhu**"), ceased to be a chairman and a member of the Nomination Committee. Mr. Zhu will continue to serve as the chairman of the Board and an executive Director of the Company;

(2) Mr. Wong Siu Keung, Joe ("**Mr. Wong**"), an independent non-executive Director and a member of the Nomination Committee, was re-designated as the chairman of the Nomination Committee; and

(3) Ms. Chu Yin Yin, Georgiana, an executive Director and a company secretary of the Company, has been appointed as a member of the Nomination Committee.

Save as disclosed above, there is no other information required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

SHARE CAPITAL

The Company's issued and fully paid share capital as at 31 December 2025 amounted to HK$63.22 million divided into 632,193,928 ordinary shares of HK$0.1 each.

DIRECTORS' RIGHTS TO ACQUIRES SHARES OR DEBENTURES

Save as disclosed under the heading "Share option scheme" below, at no time during the Year were the rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or Chief Executive of the Company or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

At the annual general meeting (the "**2021 AGM**") of the Company held on 2 June 2021, the shareholders of the Company approved the adoption of the Company's New Share Option Scheme (the "**New Option Scheme**") and the termination of the Company's then existing Share Option Scheme. The adoption date for the New Option Scheme was on 3 June 2021. From the New Option Scheme being adopted up to 31 December 2025, no share options have been granted. The purpose of the New Option Scheme is to enable the Company to grant options to selected participants as incentive and/or rewards for their contribution and support to the Group and any invested entity and/or to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity. The New Option Scheme will remain in force for 10 years and expire on 2 June 2031. As at 1 January 2025, the total number of options available for grant under the scheme mandate of the New Option Scheme after share consolidation was 15,965,397, representing 5.56% of the issued share capital of 287,360,964 shares (excluding treasury shares) of the Company. As at 31 December 2025, the total number of shares available for issue under the New Option Scheme was 15,965,397, representing approximately 2.52% of the issued capital of 632,193,928 shares (excluding treasury shares) of the Company. As at 31 December 2025, the total number of shares available for issue under the New Option Scheme was 15,965,397 divided by the weighted average number of 580,348,187 shares of the Company in issue was 2.75%. The Company does not have any treasury share during the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for 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 its existing shareholders.

SUFFICIENT OF PUBLIC FLOAT

As far as the information publicly available to the company is concerned and to the best knowledge of the Directors of the Company, at least 25% of the Company's issued share capital were held by members of the public as at the date of announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group recognises the importance of transparency and accountability to shareholders. The Board will continually review and enhance its corporate governance practices to ensure that they meet shareholders' expectation and comply with relevant standards. As at 31 December 2025, the Company has complied with the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rule**") throughout the Year except for the deviation from the code provision of C.2.1 of Part 2 of the CG Code as below:

- Pursuant to the code provision C.2.1 of the CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Mr. Zhu, an executive Director of the Company, was appointed as the Chairman of Company on 8 February 2021. Since such arrangements, the role of Chairman is performed by Mr. Zhu and the role of CEO is performed by different members of the Board. As all major decisions are made in consultation with the members of the Board, including the relevant Board Committees, and three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. In view of the above, the Company has failed to comply with code provision C.2.1 of the CG Code. The Company has made endeavors however more time is required to identify suitable candidate to be the CEO in order to comply with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 of the Listing Rules as the code of the conduct for securities transactions by directors (the "**Model Code**"). The prohibitions on securities dealing and disclosure requirements in the Model Code apply to all Directors and the Group's senior management and also persons who are privy to price sensitive information of the Group. Having made specific enquiry of all Directors and senior management, the Board confirmed that they had complied with the Model Code regarding directors' securities transactions throughout the accounting period and up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this results announcement have been agreed by the Company's auditors, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on this results announcement.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group, as well as their responsibility for performing the corporate governance functions. The directors ensure that the financial statements for the year ended 31 December 2025 were prepared in accordance with statutory requirements and applicable accounting standards.

DISCLAIMER OF OPINION

The Company's auditor, Crowe (HK) CPA Limited, issued a disclaimer of opinion on the Group's consolidated financial statements for the year ended 31 December 2025 due to scope limitation relating to appropriateness of the going concern assumption. Details are disclosed in the section headed "Basis for disclaimer of opinion" in this announcement.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

The Audit Committee of the Company reviewed the Group's audited consolidated financial statements for the Year in conjunction with the Group's auditor, Crowe (HK) CPA Limited. Based on this review and discussion with the management of the Company and taken into account the Directors' views thereto and the plans and measures undertaken by the Group to support the going concern assumptions used in preparation of the consolidated financial statements, the Audit Committee concurs with the Directors' assessment and the basis for forming such a view with respect to adopting going concern assumptions in the preparation of the consolidated financial statements.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors of the Company including Mr. Wong (Committee Chairman), Mr. Lam Cheung Shing, Richard and Mr. Mak Ka Wing, Patrick, have reviewed with the management of the Company, (i) the accounting principles and practices adopted by the Group; (ii) internal controls including relevant internal control measures to govern connected party transactions; and (iii) financial reporting matters including the review of the audited annual results for the year ended 31 December 2025. The term of reference of the Audit Committee is available on the Company's website and on the Stock Exchange's website.

DIVIDENDS

The Directors do not recommend the payment of dividend for the year ended 31 December 2025 (31 December 2024: Nil).

ANNUAL GENERAL MEETING

A notice convening the annual general meeting will be published on the websites of the Stock Exchange and the Company and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Company (www.chinawaterind.com) and the Stock Exchange (http://www.hkex.com.hk). The annual report of the Company for FY2025 containing all information required by the Listing Rules will be dispatched to shareholders and made available on the above websites in due course.

CHAIRMAN'S STATEMENT

2025 was an extraordinary year in the history of China Water Industry Group Limited (the "**Group**" or "**China Water**"). Confronted with multiple challenges including profound adjustments in the environmental protection industry, persistent financial strain on local governments, and severe delays in subsidy payments, the Group braved the elements and forged ahead amidst adversity. Burdened by high account receivables, on-going pressure on cash flow, making losses in certain business segments, and even facing a winding-up petition hearing notice from International Finance Corporation (IFC), all these factors made 2025 the most difficult year since our inception.

The year 2026 will be pivotal for the Group's transformation and breakthrough. We shall take "securing survival, strengthening core competencies, and opening up new horizons" as the lead and strive to expand growth opportunities while continuing to mitigate existing risks.

BUSINESS REVIEW:

I. Traditional Sewage Treatment Segment: Steady Progress with Notable Achievements in Public-Private Partnerships

The traditional water-related services segment in 2025 maintained a stable operational environment overall, with all sewage treatment companies successfully achieved their operating targets. In 2026, the Group will put up more efforts to recover account receivables, optimize operating cost structure, and properly resolve internal governance issues like shareholder relationship, striving for breakthroughs amid stability and seeking development under a regulated framework.

1. Jining City Haiyuan and Jining City Haisheng Water Treatment Company Limited achieved 100% of its revenue target and 148% of its net profit target for the year, with particularly notable effective cost control. Through continuous optimization of operational management, strengthening internal control, and stringent control of operating costs, the company achieved steady improvement in collecting sewage treatment fees. The frequent government-enterprise communication mechanism has effectively alleviated tensions and significantly enhanced monthly collection capabilities, providing concrete financial support for its stable operations The plant operated safely and streadily throughout the year, with no major safety or operational incidents. However, we are also fully aware that the company is still facing the pressure of overdue government sewage treatment fees amounting to RMB64.28 million, the timing of project collections remains uncertain, and the pressure in settling supplier payments is particularly prominent.

2. Foshan City Gaoming Huaxin Sewage Treatment Company Ltd.* successfully achieved its annual operating targets. Leveraging strong government relationship, and amidst the acute challenges of strained government finances, the company proactively communicated with the local government, promptly grasping policy developments and government needs to ensure the timely collection of sewage fees, safeguarding its operational stability. During the year, the company completed the signing of a supplemental agreement for upgrading and retrofitting, as well as optimizing its debt restructuring plan, further clarifying its development strategy to alleviate certain debt pressure. However, owing to the factors such as cost increase as a result of upgrading and retrofitting and default interest, its net profit fell short of expectations. At the same time, the company continues to face challenges such as strained relationships with minority shareholders and frequent environmental inspections, which also impeded its improvements in profitability.

II. New China Water Segment: Streamlining and Optimization to Enhance Quality and Efficiency for Breakthrough

In 2025, amidst the severe situation of delayed industry subsidies and the continuous pressure on cash flow, New China Water (Nanjing) Renewable Resources Investment Company Limited* ("**New China Water**") steadfastly determined to "survive with breakthroughs". By focusing on three core tasks — enhancing quality and efficiency, revitalizing assets, and exploring new businesses — it carved out a transformative path forward amidst adversity.

Facing the dual pressures of making overall losses and funding shortages, the company streamlined its operations and optimized its workforce decisively. By the end of the year, it shut down two underperforming projects to halt "cash drains" at the source. It also implemented in-depth structural reorganization to enhance efficiency with 36 redundant positions successfully eliminated, achieving a year-on-year labour costs reduction of approximately 15% and a year-on-year increase in output per capita of approximately 15%. Initial success was seen under this "recomposition" approach and reserved intrinsic momentum for future development.

As of the end of December 2025, New China Water had 22 landfill gas power generation projects and 1 purification project under normal operation nationwide, with an online installed capacity of 31.29 MW. Total cumulative operating revenue for the year amounted to RMB95.95 million. For the recovery of electricity generation subsidies, it received RMB33.46 million during the Year, bringing the cumulative subsidies received by this segment to RMB180 million. However, several hundred millions of historical subsidy arrears in Renminbi remained outstanding, putting on-going severe pressure on funds. To address this dilemma, the company systematically identified long-term idle equipment like 70 generator units, 21 pre-treatment equipment units, and 27 transformer and power distribution equipment units. If these assets were to be sold, their disposal would generate certain cash inflows for the group. This initiative not only provides a clear path for revitalizing long-term assets but also unlocks the value of "dormant" resources, offering strong support for financial relief.

Carbon assets, as a crucial strategic resource for New China Water, achieved leapfrog development in 2025. The dedicated carbon reduction team worked diligently, successfully selling 738,600 tonnes of carbon emission reductions from VCS projects during the year, generating sales revenue of RMB3.5 million. In the carbon asset reserve and trading fronts, New China Water has established a stable operational mechanism, not only for cultivating a new revenue channel for the Group but also seizing a strategic advantage in the wave of green development transformation.

III. Integrated Water Treatment Segment: Technological Breakthroughs Injecting New Momentum into Transformation and Development

In 2025, amidst the continuous downturn of traditional businesses, guided by technology and innovation, Anchor Environmental & Energy Technology (Shanghai) Co., Ltd. and RELE Environmental & Energy Technology (Shanghai) Co., Ltd. (collectively, "**RELE**") forged a path of survival through technology and development through innovation. Although revenue and net profit temporarily fell short of expectations, the breakthroughs achieved in cultivating core competitiveness had injected powerful impetus into the segment's transformation and upgrading.

RELE actively advanced its qualification building. In April 2025, it obtained the Class II Environmental Engineering Contracting Qualification, expanding its business scope. In December, it was accredited as a "Shanghai Specialised and Sophisticated Middel-to-Small Enterprise" and was granted 28 new patents throughout the year, maintained its status as a Shanghai High-tech Enterprise, thereby solidifying the foundation for technological innovation.

In the industrial wastewater treatment sector, RELE successfully pioneered the new track of bio-jet fuel wastewater treatment, securing a project order worths RMB15.74 million, marking a crucial step for its core technology into high-value-added areas. The cooperation in organic solid waste continued to deepen, with the successful signing of the Phase II contract for the kitchen waste oil extraction project with Zichuan Green Energy Environmental Protection Co., Ltd. of Zhejiang Energy Group, witnessed the industrial synergies gradually emerging. The strategic cooperation with Danish AQP achieved a milestone breakthrough: the first commercial application of the Aquaporin Reverse Osmosis Membrane since the collaboration commenced, with a scale that represents AQP's largest project not only in Mainland China but globally. This has fully demonstrated the company's integration capability in introducing international technology with its localized application. The pilot-scale multi-effect membrane distillation (MD) equipment from Germany's Evcom performed superbly in pentaerythritol concentration experiments at a Guizhou-based group, showing promising prospects for commercial application. The photon quantum biomass gasification technology formally entered the commercial application phase, with a process package contract signed for the South Korean green methanol project and the orderly progress of equipment system sales. This strategic layout highly aligns with the Group's strategic positioning as a "Chinese Biomass Gas Operation Service Provider", securing a competitive edge in the future global green energy market.

IV. Hong Kong and Overseas Investment Segment: Solid Layout with Intertwined Opportunities and Challenges

In 2025, the Group's overseas business was propelled by the dual engines of Hong Kong Glass Resources Limited ("**HK Glass Resources**") and Victory Strategy Investment Limited ("**Victory Strategy**"), focusing on extending the environmental protection industry chain in Hong Kong and targeting emerging markets such as Southeast Asia and the Middle East. Solid strides were made in project pipelines, system establishment, and business expansion. Despite facing the dual challenges of funding bottlenecks and differences in regional business environments, the overseas segment strengthened its foundation amidst adversity, accumulating valuable momentum for its future international layout.

HK Glass Resources's role as a strategic hub in Hong Kong continued to consolidate with significantly enhanced intrinsic momentum. It had exceeded its full-year revenue target and achieved outstanding operating performance. It not only validates the commercial viability of the Hong Kong environmental protection market but also refines mature operational capabilities. During the year, the company optimized its staffing deployment and clarified the direction for expanding glass cullet sales channels. It is now capable of submitting bids for multiple projects simultaneously and expanding overseas businesses synergistically. The Hong Kong segment is evolving from a single-project operation towards a platform-based, scalable model, cementing its role as the "bridgehead" for the Group to expand its environmental footprint in Hong Kong and radiate overseas markets.

The overseas project pipeline has begun to take shape, with system build-up started from nothing to reality. In 2025, Victory Strategy successfully signed two 30-year concession landfill gas power generation projects in Pekanbaru City and Semarang, Indonesia. The Pekanbaru project is currently under construction, with its permitting process is progressing smoothly in accordance with local laws and regulations. Concurrently, the team established through exploring a comprehensive overseas investment model and management mechanism, forming a replicable and iterative overseas business control framework while maintaining a lean and efficient team structure. These "invisible infrastructures" will provide institutional security for the long-term stable development of overseas businesses.

V. City-Industry Integration Segment: Focusing on Debt Risk Resolution, Advancing Breakthrough on Multiple Fronts

In 2025, the city-industry integration segment navigated a difficult path amidst a complex and volatile market environment. Facing the dual pressures of profound adjustments in the real estate sector and a persistently tightening financing environment, the entire segment focused on the core tasks of "mitigating risks and revitalizing assets", persevering through the difficulties of the Huizhou project while seeking breakthroughs in the Nanjing project operation.

Huizhou Honghu Blue Valley Wisdom Square Project: Focusing on creditor rights management, seeking a turnaround amidst difficulties. In 2025, the project company destined "survival" as its primary goal, dedicating special focus to creditor rights management and pre-reorganization work. The management maintained frequent communication with creditors, proactively seeking possibilities for advancing project restructuring, and conducted extensive and meticulous work on assessing restructuring plans and preliminary preparations. Although the overall progress fell short of expectations due to the complex debt structure and market environment, we never gave up our efforts. Every piece of communication and every round of negotiation had accumulated hope for project rebirth. In 2026, we will continue to explore diversified paths for debt resolution with an open and pragmatic attitude, striving to foster new opportunities amidst the crisis.

Amidst the industry downturn characterized by intensifying competition and supply-demand imbalance in the office leasing market, the Nanjing Space Big Data Industrial Park project delivered a commendable performance: achieving over RMB6 million in leasing and property service income for the year, with an occupancy rate stabilizing at around 64%, and achieving 108.91% of its rental and property income target. The project achieved the maximum rational utilization of its staffing, not only had it completed an environmental upgrade of the park and continued to optimize property quality and services, but also adjusted its tenant solicitation strategy amidst intensifying competition and supply-demand imbalance, thereby creating a differentiated advantage by focusing on small to medium-sized start-up enterprises. Financially, it completed the transfer assessments of 8 enterprises (with 5 being finalized and 3 pending funding), restructured the operational property loan with Ningbo Bank, initiated the land value-added tax settlement, and actively sought refinancing opportunities.

VI. Engineering & Construction Segment: Rising from the Ashes, Re-embarking on the Journey

In 2025, Shenzhen City Li Sai Industrial Development Limited* ("**Li Sai**") achieved a near-miraculous resumption of operation and production, marking a significant chapter for the Group's engineering and construction segment. After a complete shutdown that last for two years, Li Sai not only managed to "survive" but, with its strong recovery momentum had demonstrated to the market the Group's indomitable spirit of never give up.

In 2025, Li Sai overcame numerous difficulties, successfully resumed its operation and production and also achieved grid connection for power generation. In January 2026, the company's monthly power generation exceeded 2 million kWh, reaching a record high. This figure not only signifies the full return of production operation but also marks the technical team's leap from "standstill" to "full capacity" in an extremely short time span. For an enterprise that has been dormanted for two years, such an operational breakthrough is remarkable and lays a solid foundation for the subsequent stable and continuous operation of its power generation business.

Currently, Li Sai holds the Class II General Contracting Qualification for Municipal Public Works and continues to hold the National High-tech Enterprise certification. These two core qualifications are authoritative endorsements of the company's technical strengths and essential "passports" for future market competition. As industry barriers continue to rise, Li Sai, with its solid technical accumulation and qualification reserves, possesses the confidence and strength to re-enter the arena. We are also keenly aware that resuming production is only the first step, and the real test has just begun. The legacy debt issues still need to be resolved, the operation and maintenance capabilities of power generation equipment need enhancement, and the biogas collection system's reliance on third-party cooperation requires optimization — these operational "tough nuts" will be progressively addressed as key priorities in 2026.

VII. Agricultural Organic Waste Comprehensive Utilization Segment: Initial Breakthrough Amidst a Difficult Odyssey Journey Ahead

In 2025, the Group's agricultural biogas segment trudged through an industry downturn. The three projects in Huoqiu, Boli, and Chengwu are like mirrors, reflecting the real-world dilemmas of agricultural organic waste resource utilization in China, that is insufficient policy support, unsustainable business models, and continuous pressure on funding. Yet, even in the darkest moments, we continued to seek hope amidst despair and explore pathways out of the impasse.

In August 2025, the Huoqiu Project achieved gas production restoration in its anaerobic digesters as well as the purification and supply of biomass gas. However, owing to the inability to effectively utilize the digestate, the project was unable to sustain its operation, making it not possibile of another restart. In November, the three shareholders began their discussions with Mineng Co., Ltd. and reached a framework agreement eventually for entrusted operation and equity transfer. Mineng Co., Ltd., leveraging its self-developed specific catalysts, can produce hydrogen from digestate, which can then be synthesized with carbon dioxide into methane. Following the cooperation agreement, Mineng Co., Ltd. will invest funds to retrofit the project and the parties will finalize the equity transfer after one year, bringing new opportunities for the project's development.

The Boli Project is still at its construction phases without any operating cash flow and it lacks collateral that meets the bank's requirements, hence hindering its project financing. In 2025, the company actively sought partners to resume construction work. Facilitated by the county government, several interested companies are currently in discussions with the company. The cooperation issues will continue to progress to resolve the project's construction difficulties.

Cutting losses to survive. The Chengwu Project faced the most difficult situation. Owing to funding shortages, the project site has already been acquired by another enterprise. After careful assess,ment, the Group made the rational decision of not investing further into the project. Once the preliminary litigation disputes are resolved, the project will be deregistered and liquidated.

OUTLOOK AND FUTURE PLANS:

Standing at the threshold of 2026, we are acutely aware that the profound adjustment in China's environmental protection industry still continues. Policy tightening, subsidies lag, and funding pressures — these persistent challenges are unlikely to see fundamental relief in the short run. For the Group, 2026 will still be a year of sustaining heavy burdens, but it is also a pivotal year for transformation and breakthrough.

We will take "survival" as our baseline and "thriving" as our goal. Facing the reality of high account receivables, the Group will prioritize collection efforts with the urgency of "recovery is survival", dedicating all efforts to recover government sewage treatment fees, project arrears, and electricity generation subsidies. Concurrently, we will adopt more refined cash management to prioritize funding for core businesses and key projects, ensuring every dollar is spent effectively. We will actively move forward to withdraw the IFC petition, accelerate the introduction of strategic investors, and advance debt resolution and asset divestment — only by shedding burdens can we move forward nimbly.

We will respond to "complexity" with "focus", and seek "gains" through "losses". In 2026, the Group will more firmly adhere to its strategic positioning as a "Chinese Biomass Gas Operation Service Provider". Leveraging years of accumulated technological and resource advantages, we will actively expand asset-light businesses such as overseas project services and environmental technology operations, cultivating new profit growth drivers. With the determination of "cutting unnecessary losses", we will accelerate the divestment of underperforming assets — New China Water will shut down inefficient projects, the water segment will resolve debt risks, and the city-industry integration segment will revitalize existing assets.

We will overcome "difficulties" through "synergy", and solidify the "foundation" through "compliance". We will continue the frequent government-enterprise communication model, closely liaise with local governments, seek policy support and subsidy resources, and drive the collection of arrears and project buybacks. Regarding internal governance issues such as strained minority shareholder relations, we will adhere to communication and consultation as the primary method, take legal channel as a last resort, to resolve conflicts and build consensus. We will closely monitor industry policy trends and seize policy opportunities such as sewage treatment fee adjustments, carbon asset trading, and power generation subsidies, ensuring business development resonates with policy directions.

We will drive "innovation" with "talent", and expand "boundaries" through "cooperation". We will further expand cooperation channels, introduce strategic partners, strengthen in-depth cooperation with industry leaders and research institutions, and recruit talents with extensive experience and professional skills. Simultaneously, we will focus on improving internal management systems, strengthening contract review throughout the entire process, and establishing a regular compliance inspection mechanism to ensure all subsidiaries are operating in accordance with laws and regulations, that is developing within a regulated framework, and regulating within development.

Looking ahead, China Water Industry Group will continue to uphold its core values of "taking the company as home, taking pride in performance, taking unity as harmony and taking hard-working as the foundation". While pursuing its own development, the Group will actively fulfill its social responsibilities and strive for a harmonious and win-win situation among the enterprise, society, and the environment. We firmly believe that as long as all China Water colleagues united with one heart and mind, and strive forward with determination, there is no obstacle that we cannot overcome and no goal that we cannot achieve.

ACKNOWLEDGEMENTS:

On behalf of the Group's Board, I hereby express my sincere gratitude to all our employees, investors, and partners! The Group's perseverance through challenges and progress amidst breakthroughs in 2025 would not have been possible without the dedication of every colleague, the trust of every investor, and the partnership of every collaborator. In 2026, guided by the goals of securing survival, strengthening our core, and expanding into new horizons, the Group will continue to deeply cultivate its core businesses, accelerate technological innovation and overseas deployment, and spare no effort in creating sustainable value, fulfilling social responsibilities, and achieving win-win development for all.

By order of the Board
China Water Industry Group Limited
Mr. Zhu Yongjun
Chairman and Executive Director

Hong Kong, 30 March 2026

As at the date of this announcement, the Board comprises Mr. Zhu Yongjun (Chairman) and Ms. Chu Yin Yin Georgiana, all being executive Directors, Mr. Wong Siu Keung, Joe, Mr. Lam Cheung Shing, Richard and Mr. Mak Ka Wing, Patrick, all being independent non-executive Directors.

* *For identification purpose only*