中華節能國際有限公司
Sino Energy Conservation International Limited

(formerly known as CHYY DEVELOPMENT GROUP LIMITED 中國恒有源發展集團有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8128)

Interim Report 2026

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This report, for which the directors of Sino Energy Conservation International Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") of The Stock Exchange for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

HIGHLIGHTS

Revenue for the six months ended 30 June 2026 (the "Review Period") amounted to approximately HK$27,312,000.

Net loss after tax of the Group for the Review Period amounted to approximately HK$1,245,000.

No dividend was declared for the Review Period.

FINANCIAL REVIEW

The following table provides a brief summary of the financial results of Sino Energy Conservation International Limited (the "Company") and its subsidiaries (collectively the "Group"). For more detailed information, please refer to the unaudited consolidated financial statements for the Review Period and for the six months ended 30 June 2025.

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Revenue		
– Shallow geothermal energy	**24,764**	29,815
– Air conditioning/shallow geothermal heat pump	**21**	93
– Property investment and development	**2,527**	2,561
	27,312	32,469
Profit (Loss) for the period	**(1,245)**	3,662
Profit (Loss) attributable to owners of the parent	**(1,207)**	3,948

During the Review Period, the Group's revenue from business amounted to approximately HK$27,312,000 and approximately HK$32,469,000 for the corresponding period last year. Revenue decreased by approximately HK$5,157,000 as compared with the same period of the previous year. Decreased slightly by 15.88%.

Other income and gains decreased from approximately HK$11,143,000 in the corresponding period last year to approximately HK$3,063,000 for the six months ended 30 June 2026. The decrease was primarily attributable to no recognition of financial subsidies in the Review Period.

Selling and distribution expenses amounted to approximately HK$4,274,000 and HK$4,579,000 for the six months ended 30 June 2026 and 2025 respectively. The selling and distribution expenses for the Review Period decreased as compared with the corresponding period last year. The main reason was that during the Review Period, the Group further strengthened control to reduce the occurrence of expenses.

During the Review Period, administrative expenses decreased by approximately HK$3,918,000 or 22.46% as compared with that of six months ended 30 June 2025. Administrative expenses decreased mainly due to the reduction in staff costs and routine operating expenses.

Finance costs amounted to approximately HK$1,526,000 for the six months ended 30 June 2026 as compared with approximately HK$1,531,000 for the corresponding period last year. The finance costs mainly attributed by leased liabilities.

For the six months ended 30 June 2026, the loss for the period was approximately HK$1,245,000, whereas the profit was approximately HK$3,662,000 for the corresponding period last year. The swing from profit to loss was primarily attributable to lower revenue, decreased other income and reduced write-backs.

Order Book

As at 30 June 2026, the Group has contracts on hand of approximately HK$75,000,000 (30 June 2025: HK$80,000,000).

Liquidity, Capital Structure and Gearing Ratio

Net current assets of the Group as at 30 June 2026 was approximately HK$9,504,000 (net current assets as at 31 December 2025: approximately HK$14,557,000).

As at 30 June 2026, the Group had cash and cash equivalents of approximately HK$29,039,000 (31 December 2025: approximately HK$38,247,000). Cash and cash equivalents on the condensed consolidated statement of financial position include funds available for general corporate purposes.

Non-controlling interests amounted to approximately HK$14,053,000 which mainly represents the interests attributable to non-controlling shareholders of the Group's subsidiaries in the PRC.

The gearing ratio of the Group, based on total net debt (including lease liabilities, trade and bills payables, financial liabilities included in other payables and accruals, less cash and cash equivalents) to the equity (representing equity attributable to owners of the parent) plus net debt of the Group, was 46.25% as at 30 June 2026 (31 December 2025: 47%).

Charges on Asset

As at 30 June 2026, the Group did not have any charges on asset.

Material Acquisition and Disposal

The Group did not have any material acquisition and disposal during the six months ended 30 June 2026.

Significant Investment Held

As at 30 June 2026, the Group held financial assets of HK$60.915 million, representing approximately 7.42% of its total assets. All such investments were funded by the Group's own idle funds and were not subject to any leverage, financing or pledge arrangements. The composition of the Group's investment portfolio is set out below.

1. *Investment in China Asset Management – Ever Source Overseas Oriented Asset Management Plan*

As at 30 June 2026, the carrying amount of the China Asset Management – Ever Source Overseas Oriented Asset Management Plan (the "Plan") held by the Group was HK$56.614 million, representing approximately 6.89% of the Group's total assets. Since its inception, the Plan has delivered stable performance and has continued to distribute income to the Group. From the date of subscription to 30 June 2026, the Plan recorded cumulative dividend distributions of approximately RMB15.94 million. Based on the initial subscription amount of RMB50 million, such dividend distributions generally represented an annualised return of approximately 2% to 3%.

The Plan's dividend distribution pattern has been stable with predictable payment timing, and its net asset value has remained generally stable over past years. In a market environment of declining interest rates, the dividend yield of the Plan has been more attractive than bank time deposits and other low-risk assets of similar tenor. Taking into account the return characteristics, risk profile and cash flow matching of the Plan, the Group intends to continue holding this investment on a long-term basis. The holding is classified as a non-trading investment.

2. Equity Investment in Beijing Hisign Technology Co., Ltd.

As at 30 June 2026, the carrying amount of the Group's equity interest in Beijing Hisign Technology Co., Ltd. ("Hisign") was HK$671,000, representing approximately 0.08% of the Group's total assets. Hisign (NEEQ stock code: 430021) was listed on the National Equities Exchange and Quotations ("NEEQ") on 28 September 2007 as a Basic Tier enterprise and adopts the market-making trading mechanism. A subsidiary of the Company subscribed for 466,204 shares of Hisign through a private placement in May 2015 at an issue price of RMB17.18 per share, for a total subscription amount of RMB8,009,384.72, representing approximately 0.245% of its equity interest. As at 30 June 2026, the closing price of Hisign was RMB1.25 per share (31 December 2025: RMB0.54 per share), and its fair value was determined with reference to the market closing price disclosed on the NEEQ.

Given the high valuation volatility in the technology sector in which Hisign operates and the limited liquidity of its shares on the NEEQ, and noting that its operating performance in 2025 improved compared with the previous year (with revenue increasing by approximately 22.67% and profit increasing by approximately 54.73%), together with a 140.76% increase in its carrying value as compared with 31 December 2025, the Group will continue to monitor its operational and market developments and maintain a long-term holding strategy for this investment.

3. Trading Investments

The Group conducts small-scale trading investments as part of its daily cash management and short-term liquidity allocation, primarily involving the trading of listed securities in the public market. As at 30 June 2026, the Group held financial assets at fair value through profit or loss amounting to HK$3,630,000, representing approximately 0.44% of the Group's total assets. These assets comprised 10,000 shares of Hong Kong Exchanges and Clearing Limited (stock code: 388.HK), acquired at HK$369 per share, with a closing price of HK$363 per share as at 30 June 2026, resulting in an unrealised loss of approximately HK$60,000.

Treasury Policies

The Group continues to adopt a conservative treasury policy with all bank deposits being kept in either Hong Kong dollars, or in local currencies of the operating subsidiaries of the Group, keeping a minimum exposure to foreign exchange risks.

Contingent Liabilities

As at 30 June 2026, the Group had no material contingent liabilities (31 December 2025: Nil).

Employees

As at 30 June 2026, the Group had approximately 163 employees in total (31 December 2025: approximately 193). The remuneration package of the employees is determined with reference to their performance, experience and their positions, duties and responsibilities in the Group.

BUSINESS REVIEW AND OUTLOOK

During the Review Period, the Group's operating revenue decreased by 15.88% year-on-year, while gross profit margin edged up. This was mainly attributable to the reduction in revenue recognition from ongoing projects during the Review Period, coupled with the Group's rigorous cost control initiatives. Through whole-process management and continuous design optimization, the Group achieved effective cost reductions.

In the first half of 2026, the National Energy Administration launched national pilot programmes for high-quality development and utilization of geothermal energy nationwide, and the new version of the *Specification for Geological Exploration of Geothermal Resources* was officially issued. Policies covering renewable energy development during the 15th Five-Year Plan period, clean heating in northern China, and zero-carbon building renovation have been intensively rolled out one after another, ushering in a window of policy dividends for the shallow geothermal energy industry. Adhering to its core proprietary technology of single-well circulating heat exchange for shallow geothermal energy, the Group conducts integrated operation across business segments including shallow geothermal integrated cooling and heating systems, production and sales of heat pump equipment, and operation and maintenance of energy projects. It keeps advancing industrial synergy with central state-owned enterprises, technological iteration and market structure optimization.

Centered on the Beijing-Tianjin-Hebei core market, the Group steadily delivered benchmark projects, strengthened cost control, and deepened industrial chain cooperation. Meanwhile, it actively addresses operational headwinds such as prolonged payment collection cycles for industrial projects and intensifying competition in the traditional heating market. With the rollout of the exclusive agent system for the emerging green industrial project of efficient clean heating via geothermal heat pumps developed by Hengyouyuan Technology, the Group's overall operations have advanced steadily, laying a solid foundation for scaled business expansion in the second half of the year.

In the second half of the year, the Group will further focus on the core northern clean heating areas of Beijing, Tianjin and Hebei. It will actively bid for government energy-saving renovation projects, central air conditioning maintenance services for campuses, and coal-to-geothermal heating renovation tenders for old residential communities. In parallel, the Group will follow up on multiple clean heating renewal projects for old residential compounds and supporting heat source stations for newly built zero-carbon parks in Beijing. It will continue to deliver standardized operation and maintenance services for operational projects; its integrated solutions featuring separate room metering, dual supply of cooling and heating, and domestic hot water have secured continuous renewals and recognition from property owners.

To cater to demand for household heating in rural areas, the Group will scale up promotion of household geothermal heating unit systems, supplying small modular heat pump equipment for rural counties and standalone buildings across northern regions to comply with policies on distributed clean heating renovation. This has formed a dual-product market layout consisting of centralized energy stations and standalone household heating units. In addition, the Group will keep refining its matrix of four standardized systems: regional distributed geothermal cold and heat source stations, centralized geothermal heat pump environmental systems, standalone household geothermal heating unit systems, and air-geothermal combined complementary systems. These efforts aim to cut the full-lifecycle energy consumption of projects and end-users' usage costs, align with national energy conservation and carbon reduction assessment requirements, bolster core competitiveness in project bidding, and sustain a steady uptick in the overall gross profit margin.

FINANCIAL RESULTS

The Board of Directors (the "Board") of Sino Energy Conservation International Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2026 together with the unaudited comparative figures for the corresponding period in 2025 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

		Six months ended 30 June	
	Notes	**2026 HK$'000 (Unaudited)**	2025 HK$'000 (Unaudited)
Revenue	*4*	**27,312**	32,469
Cost of sales		**(19,073)**	(23,261)
Gross profit		**8,239**	9,208
Other income and gains	*4*	**3,063**	11,143
Selling and distribution expenses		**(4,274)**	(4,579)
Administrative expenses		**(13,528)**	(17,446)
Reversal of impairment losses on trade and bills receivables, net		**–**	–
Reversal of impairment losses on contract assets, net		**6,727**	8,634
Finance costs	*5*	**(1,526)**	(1,531)
Other expenses		**(34)**	(1,795)
Share of profits and losses of:			
A joint venture		**–**	1,358
Associates		**99**	(1,157)

		Six months ended 30 June	
		2026	2025
	Notes	**HK$'000**	HK$'000
		(Unaudited)	(Unaudited)
Profit (Loss) before tax	*6*	**(1,234)**	3,835
Income tax expense	*7*	**(11)**	(173)
Profit (Loss) for the period		**(1,245)**	3,662
Attributable to:			
Owners of the parent		**(1,207)**	3,948
Non-controlling interests		**(38)**	(286)
		(1,245)	3,662
Earning per share attributable to ordinary equity holders of the parent	*9*		
Basic and diluted (expressed in HK$ cents)		**(0.03)**	0.09

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit (Loss) for the period	**(1,245)**	3,662
Other comprehensive income (loss):		
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**4,568**	993
Share of other comprehensive loss of a joint venture	**0**	(222)
Share of other comprehensive income (loss) of associates	**689**	3,110
Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods	**5,257**	3,881
Equity investments designated at fair value through other comprehensive income:		
Change in fair value	**379**	–
Income tax effect	**(94)**	–
Other comprehensive income (loss) for the period, net of tax	**5,542**	3,881
Total comprehensive profit (loss) for the period	**4,297**	7,543
Attributable to:		
Owners of the parent	**4,266**	7,559
Non-controlling interests	**31**	(16)
	4,297	7,543

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	**30 June 2026 HK$'000 (Unaudited)**	31 December 2025 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**134,593**	132,039
Investment properties		**129,012**	124,070
Right-of-use assets		**1,423**	289
Investment in a joint venture		**–**	–
Investments in associates		**23,105**	22,415
Equity investments designated at fair value through other comprehensive income		**57,285**	54,722
Trade receivables		**50,790**	49,660
Deposits paid for acquisition of investment properties		**–**	–
Total non-current assets		**396,208**	383,195
CURRENT ASSETS			
Inventories		**14,734**	14,590
Properties held for sale		**311,142**	299,222
Trade receivables	*11*	**24,517**	16,969
Prepayments, other receivables and other assets		**25,603**	34,082
Contract assets		**6,284**	12,502
Financial assets at fair value through profit or loss		**3,630**	38
Restricted cash		**2,489**	8,519
Time deposits		**7,798**	7,760
Cash and cash equivalents		**29,039**	38,247
Total current assets		**425,236**	431,929

	Notes	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	*12*	**111,483**	116,243
Other payables and accruals		**113,754**	110,772
Contract liabilities		**16,985**	16,728
Amounts due to associates		**10,857**	16,024
Amounts due to related companies		**29,505**	28,375
Lease liabilities		**6,609**	7,094
Tax payable		**126,539**	122,136
Total current liabilities		**415,732**	417,372
NET CURRENT (LIABILITIES)		**9,504**	14,557
TOTAL ASSETS LESS CURRENT LIABILITIES		**405,712**	397,752
NON-CURRENT LIABILITIES			
Lease liabilities		**55,239**	53,529
Deferred income		**6,908**	6,643
Deferred tax liabilities		**44,263**	42,275
Total non-current liabilities		**106,410**	102,447
Net assets		**299,302**	295,305
EQUITY			
Equity attributable to owners of the parent			
Share capital	*13*	**353,043**	353,043
Shares held for Share Award Scheme		**(8,169)**	(8,169)
Treasury shares		**(1,637)**	(1,337)
Other reserves		**(57,988)**	(62,254)
		285,249	281,283
Non-controlling interests		**14,053**	14,022
Total equity		**299,302**	295,305

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the parent													
	Share Capital HK$'000	Share Premium HK$'000	Shares held for Share Awards Scheme HK$'000	Treasury shares HK$'000	Statutory reserve HK$'000	Assets revaluation reserve HK$'000	Contributed Surplus HK$'000	Special reserve HK$'000	Capital reserve HK$'000	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2025 (audited)	353,043	906,013	(8,169)	(959)	12,577	31,235	154,381	7,553	84,842	(8,138)	1,266,336	266,042	18,058	284,100
Profit for the period	–	–	–	–	–	–	–	–	–	–	3,948	3,948	(286)	3,662
Other comprehensive income for the year:														
Exchange differences arising from translation of foreign operations	–	–	–	–	–	–	–	–	–	723	–	723	270	993
Share of other comprehensive expense of a joint venture	–	–	–	–	–	–	–	–	–	(222)	–	(222)	–	(222)
Share of other comprehensive expense of associates	–	–	–	–	–	–	–	–	–	3,110	–	3,110	–	3,110
Disposal of treasury shares	–	–	–	1,006	–	–	–	–	339	–	–	1,345	–	1,345
Repurchase of shares	–	–	–	(171)	–	–	–	–	–	–	–	(171)	–	(171)
Total comprehensive income for the period	–	–	–	835	–	–	–	–	339	3,611	3,948	8,733	(16)	8,717
At 30 June 2025 (unaudited)	353,043	906,013	(8,169)	(124)	12,577	31,235	154,381	7,553	85,181	4,527	1,262,388	274,775	18,042	292,816

	Attributable to owners of the parent													
	Share Capital HK$'000	**Share Premium HK$'000**	**Shares held for Share Awards Scheme HK$'000**	**Treasury shares HK$'000**	**Statutory reserve HK$'000**	**Assets revaluation reserve HK$'000**	**Contributed Surplus HK$'000**	**Special reserve HK$'000**	**Capital reserve HK$'000**	**Exchange fluctuation reserve HK$'000**	**Accumulated losses HK$'000**	**Total HK$'000**	**Non-controlling interests HK$'000**	**Total equity HK$'000**
At 1 January 2026 (audited)	**353,043**	**906,352**	**(8,169)**	**(1,337)**	**12,852**	**28,728**	**154,381**	**10,887**	**83,785**	**254**	**(1,259,493)**	**281,283**	**14,022**	**295,305**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,207)**	**(1,207)**	**(38)**	**(1,245)**
Other comprehensive income for the year:														
Changes in fair value of equity investments designated at fair value through other comprehensive income, net tax	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**285**	**–**	**–**	**285**	**–**	**285**
Exchange differences arising from translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,499**	**–**	**4,499**	**69**	**4,568**
Share of other comprehensive expense of a joint venture	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Share of other comprehensive expense of associates	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**689**	**–**	**689**	**–**	**689**
Disposal of treasury shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Repurchase of shares	**–**	**–**	**–**	**(300)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(300)**	**–**	**(300)**
Total comprehensive income for the period	**–**	**–**	**–**	**(300)**	**–**	**–**	**–**	**–**	**285**	**5,188**	**(1,207)**	**3,966**	**31**	**3,997**
At 30 June 2026 (unaudited)	**353,043**	**906,352**	**(8,169)**	**(1,637)**	**12,852**	**28,728**	**154,381**	**10,887**	**84,070**	**5,442**	**(1,260,700)**	**285,249**	**14,053**	**299,302**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Net cash flows (used) in operating activities	**(9,687)**	(9,190)
Net cash flows from investing activities	**(3,292)**	2,212
Net cash flows (used) in financing activities	**0**	1,175
Net increase (decrease) in cash and cash equivalents	**(12,979)**	(5,803)
Cash and cash equivalents at the beginning of period	**38,247**	52,586
Effect of foreign exchange rate changes, net	**3,771**	(430)
Cash and cash equivalents at the end of period	**29,039**	46,353

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. CORPORATE INFORMATION

Sino Energy Conservation International Limited (the "Company") was incorporated in Cayman Islands as an exempted company with limited liability and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal place of business in Hong Kong of the Company are P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands and 8/F, Chung Hing Commercial Building, 62-63 Connaught Road Central, Central, Hong Kong respectively.

During the six months ended 30 June 2025, the Group was involved in the following principal activities:

- Provision, installation and maintenance of shallow geothermal energy utilisation system
- Trading of air conditioning/shallow geothermal heat pump products
- Investment in properties for their potential rental income
- Trading of securities and other types of investments

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the six months ended 30 June 2026 have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with Hong Kong Accounting Standard 34 ("HKAS 34"), Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The condensed consolidated interim financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial statements for the six months ended 30 June 2026 are consistent with those adopted in the annual financial statements for the year ended 31 December 2025. The condensed consolidated interim financial statements for the six months ended 30 June 2026 should be read in conjunction with the annual financial statements for the year ended 31 December 2025.

On 1 January 2026, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), amendments and interpretations that are effective from that date and are relevant to its operations. The adoption of these new/revised HKFRSs, amendments and interpretations has no material effect on the results reported for the current or prior periods.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) Shallow geothermal energy segment – provision, installation and maintenance of shallow geothermal energy utilisation system;

(b) Air conditioning/shallow geothermal heat pump segment – trading of air conditioning/shallow geothermal heat pump products;

(c) Property investment and development segment – investments in properties for their potential rental income; and

(d) Securities investment and trading segment – trading of securities and other types of investment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that share of profits and losses of associates and a joint venture, interest income, certain other income, certain administration costs, and non-lease-related finance costs are excluded from such measurement.

Segment assets exclude certain investments in associates, deferred tax assets, time deposits, restricted cash and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude certain amounts due to associates and related companies, interest-bearing bank borrowings, deferred tax liabilities and tax payable as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) Segment revenue and results

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2026 and 2025, respectively:

	Shallow geothermal energy Six months ended 30 June		Air conditioning/Shallow geothermal heat pump Six months ended 30 June		Property investment and development Six months ended 30 June		Securities investment and trading Six months ended 30 June		Total Six months ended 30 June	
	2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)	**2026 HK$'000 (Unaudited)**	2025 HK$'000 (Unaudited)	**2026 HK$'000 (Unaudited)**	2025 HK$'000 (Unaudited)	**2026 HK$'000 (Unaudited)**	2025 HK$'000 (Unaudited)	**2026 HK$'000 (Unaudited)**	2025 HK$'000 (Unaudited)
Segment revenue *(note 4)*										
Sales to external customers	**24,764**	29,586	**21**	101	**2,527**	2,782	**-**	-	**27,312**	32,469
Intersegment sales	**4,720**	1,138	**-**	-	**-**	-	**-**	-	**4,720**	1,138
	29,484	30,724	**21**	101	**2,527**	2,782	**-**	-	**32,032**	33,607
Reconciliation:										
Elimination of intersegment sales									**(4,720)**	(1,138)
Revenue									**27,312**	32,469
Segment results	**7,709**	10,059	**2**	18	**1,320**	1,254	**-**	-	**9,030**	11,331
Reconciliation:										
Elimination of intersegment results									**-**	-
Share of profits and losses of associates									**98**	201
Unallocated other income									**5,585**	9,545
Corporate and other unallocated expenses									**(14,636)**	(15,834)
Finance costs (other than interest on lease liabilities)									**(1,322)**	(1,408)
(Loss) before tax									**1,234**	3,835

(b) Segment assets and liabilities

The following tables present assets and liabilities information for the Group's operating segments as at 30 June 2026 and 31 December 2025, respectively:

	30 June 2026				
	Shallow geothermal energy HK$'000 (Unaudited)	Air conditioning/ shallow geothermal heat pump HK$'000 (Unaudited)	Property investment and development HK$'000 (Unaudited)	Securities investment and trading HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Segment assets	255,401	–	510,807	61,891	828,099
Reconciliation:					
Elimination of intersegment receivables					69,088
Corporate and other unallocated assets					62,432
Total assets					821,444
Segment liabilities	275,206	–	88,289	8,990	372,485
Reconciliation:					
Elimination of intersegment payables					(69,088)
Corporate and other unallocated liabilities					208,725
Total liabilities					512,122

	30 June 2025				
	Shallow geothermal energy HK$'000 (Unaudited)	Air conditioning/ shallow geothermal heat pump HK$'000 (Unaudited)	Property investment and development HK$'000 (Unaudited)	Securities investment and trading HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Segment assets	268,356	6	487,891	60,426	816,679
Reconciliation:					
Elimination of intersegment receivables					(55,258)
Corporate and other unallocated assets					72,816
Total assets					834,237
Segment liabilities	275,206	–	87,253	8,990	371,449
Reconciliation:					
Elimination of intersegment payables					(55,258)
Corporate and other unallocated liabilities					225,231
Total liabilities					541,422

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2026 **HK$'000** **(Unaudited)**	2025 HK$'000 (Unaudited)
Revenue from contracts with customers	**24,785**	29,687
Revenue from other sources		
Rental income	**2,527**	2,782
	27,312	32,469

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2026

Segments	Shallow geothermal energy HK$'000 (Unaudited)	Air conditioning/ shallow geothermal heat pump HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Types of goods or services:			
Sale of industrial products	–	21	21
Construction services	24,764	–	24,764
Total revenue from contracts with customers	24,764	21	24,785
Geographical markets:			
Mainland China	24,764	21	24,785
Timing of revenue recognition:			
Goods transferred at a point in time	–	21	21
Services transferred over time	24,764	–	24,764
Total revenue from contracts with customers	24,764	21	24,785

For the six months ended 30 June 2025

Segments	Shallow geothermal energy HK$'000 (Unaudited)	Air conditioning/ shallow geothermal heat pump HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Types of goods or services:			
Sale of industrial products	–	101	101
Construction services	29,586	–	29,586
Total revenue from contracts with customers	29,586	101	29,687
Geographical markets:			
Mainland China	29,586	101	29,687
Timing of revenue recognition:			
Goods transferred at a point in time	–	101	101
Services transferred over time	29,586	–	29,586
Total revenue from contracts with customers	29,586	101	29,687

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the six months ended 30 June 2026

Segments	Shallow geothermal energy HK$'000 (Unaudited)	Air conditioning/ shallow geothermal heat pump HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Revenue from contracts with customers:			
External customers	**24,764**	**21**	**24,785**
Intersegment sales	**4,720**	**–**	**4,720**
	29,484	**21**	**29,505**
Intersegment adjustments and eliminations	**(4,720)**	**–**	**(4,720)**
Total revenue from contracts with customers	**24,764**	**21**	**24,785**

For the six months ended 30 June 2025

Segments	Shallow geothermal energy HK$'000 (Unaudited)	Air conditioning/ shallow geothermal heat pump HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Revenue from contracts with customers:			
External customers	32,368	101	32,469
Intersegment sales	1,138	–	1,138
	33,506	101	33,607
Intersegment adjustments and eliminations	(1,138)	–	(1,138)
Total revenue from contracts with customers	32,368	101	32,469

	Six months ended 30 June 2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)
Other income		
Interest income	**1,404**	1,570
Sale of scrap materials	**–**	–
Dividend income from equity investment designated at fair value through other comprehensive income	**648**	2,283
Waive of trade payables	**803**	–
Subsidy income	**–**	6,519
Others	**208**	771
	3,063	11,143

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on bank loans	**–**	–
Interest on lease liabilities	**1,313**	1,408
	1,313	1,408

6. PROFIT (LOSS) BEFORE TAX

The Group's profit (loss) before tax is arrived at after charging:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**4,571**	9,991
Cost of services provided	**14,501**	13,270
Depreciation	**691**	1,839
Employee benefit expense (including directors' and chief executive's remuneration)	**7,870**	8,087

7. INCOME TAX EXPENSE

Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI during both periods.

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits subject to Hong Kong profits tax during both periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, except as stated below, the tax rate of all the other PRC subsidiaries is 25% from 1 January 2008 onwards.

Pursuant to the income tax rules and regulations of the PRC, certain subsidiaries were recognised as high and new technology enterprises and the income tax rate applicable to these subsidiaries was 15% for the six months ended 30 June 2026 (six months ended 30 June 2025: 15%).

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current – Mainland China	**11**	173
Over-provision in prior years	**–**	–
Deferred	**–**	–
Total tax charge for the period	**11**	173

8. DIVIDENDS

No interim dividend was paid, declared or proposed during the six months ended 30 June 2026, nor has any dividend been proposed since the end of the interim reporting period (six months ended 30 June 2025: Nil).

9. PROFIT (LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss) per share amounts is based on the (loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,513,233,715 (30 June 2025: 4,513,233,715) in issue during the period.

The calculations of basic and diluted (loss) per share are based on:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
(Loss)/Earnings		
Earnings/(loss) for the period attributable to ordinary equity holders of the parent	**(1,207)**	3,948
	Number of shares	
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	**4,486,881**	4,513,234

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group did not have any material acquisition of property, plant and equipment.

11. TRADE RECEIVABLES

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Trade receivables	**165,192**	152,693
Impairment	**(149,907)**	(143,389)
Trade receivables, net	**15,285**	9,304
Finance lease receivables	**60,022**	57,325
Less: non-current portion	**(50,790)**	(49,660)
Current portion	**24,517**	16,969

The Group's trading terms with its customers are mainly on credit. The credit period is generally three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Within 90 days	**671**	2,254
91 to 180 days	**7,960**	896
181 to 365 days	**760**	1,360
Over 365 days	**5,894**	4,794
	15,285	9,304

12. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Within 90 days	**968**	754
91 to 180 days	**665**	125
181 to 365 days	**1,553**	2,086
Over 365 days	**108,297**	113,278
	111,483	116,243

The trade and bills payables are non-interest-bearing and are normally settled in six months.

13. SHARE CAPITAL

	Number of shares US$0.01 each		**Share capital**		**Share capital**	
	30 June 2026 '000 (excluding treasury shares) (Unaudited)	31 December 2025 '000 (excluding treasury shares) (Audited)	**30 June 2026 US$'000 (Unaudited)**	31 December 2025 US$'000 (Audited)	**30 June 2026 HK$'000 (Unaudited)**	31 December 2025 HK$'000 (Audited)
Ordinary shares						
Issued and fully paid	**4,486,061**	4,493,541	**45,269**	45,269	**353,043**	353,043

14. CAPITAL COMMITMENTS

The Group did not have any material capital commitment at the end of the reporting period.

15. RELATED PARTY TRANSACTIONS

(a) Amounts due from/to related companies and associates are included in the condensed consolidated statement of financial position.

(b) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Associates:		
Purchases of products	**–**	–
Other related parties:		
Rental expense	**330**	330

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Short term employee benefits	**3,400**	3,956
Post-employment benefits	**–**	–
Total compensation paid to key management personnel	**3,400**	3,956

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)	**30 June 2026 HK$'000 (Unaudited)**	31 December 2025 HK$'000 (Audited)
Financial assets				
Trade receivables, non-current portion	**59,434**	49,660	**59,434**	49,660
Equity investments designated at fair value through other comprehensive income	**57,285**	54,772	**57,285**	54,772
Financial assets at fair value through profit or loss	**3,630**	38	**3,630**	38
	120,349	104,470	**120,349**	104,470
Financial liabilities				
Interest-bearing bank borrowings	**–**	–	**–**	–

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2026, the interests and short positions of the directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

1. Aggregate long position in the shares, underlying shares and debentures of the Company and its associated corporations

The interests of Directors and the Chief Executive in the shares of the Company (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds) as at 30 June 2026 were as follows:

Name	Capacity	Number of Ordinary Shares of the Company	% of the Issued Voting Shares of the Company[1]
Directors			
Mr. Xu Shengheng（徐生恒先生）	Beneficial Owner	723,071,601)	
	Interest of Spouse[2]	982,800)	16.14%
Ms. Liu Ening（劉婀寧女士）	Beneficial Owner	253,500,556	5.65%
Mr. Zhang Yiying（張軼穎先生）	Beneficial Owner	6,004,556)	
	Interest of Controlled Corporation[3]	167,000,000)	3.86%
Mr. Guan Chenhua（關成華先生）	Beneficial Owner	5,000,000	0.11%
Chief Executive			
Mr. Yang Mingzhong（楊明忠先生）	Beneficial Owner	2,000,000	0.04%

Notes:

(1) As at 30 June 2026, the total number of issued Shares of the Company was 4,526,925,163 Shares. After excluding 40,864,000 treasury Shares without voting rights, the total number of issued Shares with voting rights was 4,486,061,163 Shares.

(2) The interests are beneficially held by Ms. Luk Hoi Man（陸海汶女士）, the spouse of Mr. Xu Shengheng, comprising 982,800 Shares. Pursuant to the SFO, Mr. Xu Shengheng is deemed to be interested in all the interests held by Ms. Luk Hoi Man（陸海汶女士）.

(3) The interests are beneficially held by Universal Zone Limited, which is wholly owned by Mr. Zhang Yiying. Pursuant to the SFO, Mr. Zhang Yiying is deemed to be interested in all the interests held by Universal Zone Limited.

Each of the other Directors, namely Mr. Liao Yuan, Mr. Dai Qi, Mr. Zhang Honghai and Mr. Guo Guanglei have confirmed that they had no interests in the shares of the Company or any of its associated corporations as at 30 June 2026.

None of the Directors or the Chief Executive had interests in debentures or under equity derivatives, interests in underlying shares of the Company or its associated corporations as at 30 June 2026.

2. Aggregate short position in the shares, underlying shares and debentures of the Company and its associated corporations

None of the Directors or the Chief Executive had short positions in respect of shares, debentures or under equity derivatives, interests in underlying shares of the Company or its associated corporations as at 30 June 2026.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

So far as the Directors are aware, as at 30 June 2026, the following persons (other than directors or chief executives of the Company) have or are deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

1. Aggregate long position in the shares and underlying shares of the Company

The Company had been notified of the following substantial shareholders' and other persons' interests in the shares of the Company as at 30 June 2026:

Name	Capacity	Number of Ordinary Shares of the Company	% of the Issued Voting Shares of the Company[1]
China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Limited* (中國節能環保(香港)投資有限公司)[2]	Beneficial Owner	1,190,000,000	26.53%
China Energy Conservation and Environmental Protection Group* (中國節能環保集團有限公司)[2]	Interest of Controlled Corporation	1,190,000,000	26.53%
Ms. Luk Hoi Man (陸海汶女士)	Beneficial Owner	982,800)	
	Interest of Spouse[3]	723,071,601)	16.14%
Mr. Wang Michael Zhiyu (王志宇先生)	Interest of Spouse[4]	253,500,556	5.65%

Notes:

(1) As at 30 June 2026, the total number of issued Shares of the Company was 4,526,925,163 Shares. After excluding 40,864,000 treasury Shares without voting rights, the total number of issued Shares with voting rights was 4,486,061,163 Shares.

(2) China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Limited, a wholly-owned subsidiary of China Energy Conservation and Environmental Protection Group, holds 1,190,000,000 Shares of the Company.

(3) The interests are beneficially held by Mr. Xu Shengheng（徐生恒先生）, the spouse of Ms. Luk Hoi Man, comprising 723,071,601 Shares. Pursuant to the SFO, Ms. Luk Hoi Man is deemed to be interested in all the interests held by Mr. Xu Shengheng（徐生恒先生）.

(4) The interests are beneficially held by Ms. Liu Ening（劉婀寧女士）, the spouse of Mr. Wang Michael Zhiyu, comprising 253,500,556 Shares. Pursuant to the SFO, Mr. Wang Micheal Zhiyu is deemed to be interested in all the interests held by Ms. Liu Ening（劉婀寧女士）.

As at 30 June 2026, the Company had not been notified of any long positions being held by any substantial shareholder or other persons in the underlying shares of the Company through equity derivatives such as share options, warrants to subscribe or convertible bonds.

2. Aggregate short position in the shares and underlying shares of the Company

As at 30 June 2026, the Company had not been notified of any short positions being held by any substantial shareholder or other persons in the shares or underlying shares of the Company.

SHARE SCHEMES

2024 Share Option Scheme and 2024 Share Award Scheme

The 2024 Share Option Scheme and the 2024 Share Award Scheme were adopted on 6 September 2024. Subject to any early termination as may be determined by the Board pursuant to the terms of the 2024 Share Option Scheme and the 2024 Share Award Scheme, the 2024 Share Option Scheme and the 2024 Share Award Scheme shall be valid and effective for a term of ten (10) years commencing on the adoption date.

Both the 2024 Share Option Scheme and the 2024 Share Award Scheme may grant share options and awarded shares through the issuance of new Shares or the transfer of treasury Shares. In addition, the 2024 Share Award Scheme may also be funded by existing Shares to be purchased by the trustee.

Other than the 2024 Share Option Scheme and the 2024 Share Award Scheme, the Company does not have any other share scheme involving the grant of new Shares or options over new Shares.

No share options have been granted by the Company under the 2024 Share Option Scheme since its adoption. During the six months ended 30 June 2026, no share options was granted, exercised, cancelled, or lapsed under the 2024 Share Option Scheme. As at 1 January 2026 and 30 June 2026, there were no outstanding share options under the 2024 Share Option Scheme.

No awarded shares have been granted by the Company under the 2024 Share Award Scheme since its adoption. During the six months ended 30 June 2026, no awarded shares was granted, vested, cancelled, or lapsed under the 2024 Share Award Scheme. As at 1 January 2026 and 30 June 2026, there were no unvested awarded shares under the 2024 Share Award Scheme.

The total number of Shares available for grant under the mandate of 2024 Share Option Scheme, together with the 2024 Share Award Scheme, was 452,692,516 Shares as at both 1 January 2026 and 30 June 2026.

The total number of Shares available for grant to the service provider sublimit of the 2024 Share Option Scheme, together with the 2024 Share Award Scheme, was 45,269,251 Shares as at both 1 January 2026 and 30 June 2026.

During the six months ended 30 June 2026, the number of Shares that may be issued in respect of share options and awarded shares granted under the 2024 Share Option Scheme, together with the 2024 Share Award Scheme, divided by the weighted average number of Shares of the relevant class in issue (excluding treasury Shares) for the period, was 0%.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Repurchase Mandate

The Directors have been granted the general mandate (the "2025 Repurchase Mandate") pursuant to the resolutions of the Shareholders passed on 22 May 2025, to repurchase Shares in the open market from time to time. Pursuant to the 2025 Repurchase Mandate, the Company is allowed to repurchase up to 10% of the total number of the issued Shares (excluding any treasury Shares) on the date of passing such resolution. The 2025 Repurchase Mandate lapsed at the conclusion of the annual general meeting of the Company held on 26 June 2026.

The Directors have been granted the general mandate (the "2026 Repurchase Mandate") pursuant to the resolutions of the Shareholders passed on 26 June 2026, to repurchase Shares in the open market from time to time. Pursuant to the 2026 Repurchase Mandate, the Company is allowed to repurchase up to 10% of the total number of the issued Shares (excluding any treasury Shares) on the date of passing such resolution.

Share Repurchase

During the six months ended 30 June 2026, the Company repurchased a total of 7,480,000 Shares on GEM for an aggregate consideration of HK$299,096 (excluding transaction costs), comprising 7,480,000 Shares under the 2025 Repurchase Mandate for HK$299,096 and no Shares under the 2026 Repurchase Mandate. These Shares are held as treasury Shares (as defined under the GEM Listing Rules) of the Company. Details are as below:

Repurchase period	No. of Shares repurchased	Purchase price per Share Highest price paid (HK$/Share)	 Lowest price paid (HK$/Share)	Aggregate consideration paid (HK$)	No. of treasury Shares As at the end of the month
During the six months ended 30 June 2026					
Under the 2025 Repurchase Mandate					
January 2026	7,480,000	0.040	0.039	299,096	40,864,000
Total	**7,480,000**	**–**	**–**	**299,096**	**–**

The Board considers that the Shares repurchased by the Company and held as treasury Shares may provide more flexibility to the Board to resell such treasury Shares on the market prices to raise additional funds for the Company, or transfer or use for share grants under share schemes that comply with Chapter 23 of the GEM Listing Rules, as well as for other purposes permitted under the GEM Listing Rules, the Articles of Association and the applicable laws of the Cayman Islands.

Disposal of Treasury Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares) during the six months ended 30 June 2026.

UPDATE ON DIRECTORS' INFORMATION

The Company confirms that, during the six months ended 30 June 2026, there were no matters required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

COMPETING INTERESTS

During the six months ended 30 June 2026, so far as the Directors are aware, none of the Directors or the controlling shareholders or substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused any conflicts of interest with the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules in respect of securities transaction by the directors (the "Required Standard"). Specific enquiry has been made to all Directors and each of the Directors has confirmed that he/she has complied with the Required Standard during the six months ended 30 June 2026.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2026, the Company has complied with all code provisions set out in Part 2 of the Corporate Governance Code (the "CG Code") as set forth in Appendix C1 of the GEM Listing Rules, save and except for the deviations as follows:

Provision C.1.5 of the CG Code requires that independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders.

Mr. Zhang Honghai, the independent non-executive Director, did not attend the extraordinary general meeting and the annual general meeting held on 26 June 2026 due to other business commitment.

AUDIT COMMITTEE

The Company has established an Audit Committee in accordance with Rule 5.28 of the GEM Listing Rules and has adopted written terms of reference in compliance with the CG Code. As at 30 June 2026, the Audit Committee comprised three members, all of whom are independent non-executive Directors, namely Mr. Zhang Honghai, Mr. Guan Chenghua and Mr. Guo Guanglei. Mr. Zhang Honghai serves as the chairman of the Audit Committee.

The Audit Committee is appointed by the Board with a view to assist the Board by providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, to oversee audit process, to develop and review policies and to perform other duties and responsibilities as assigned by the Board and as required by the GEM Listing Rules from time to time. The Audit Committee also serves as a focal point for communication between other directors, the external auditors, and the management as regards their duties relating to financial and other reporting, internal controls, audits, and such other matters as the Board determines from time to time.

The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2026 and has provided advice and comments thereon to the Board.

CHANGE OF COMPANY NAME

During the six months ended 30 June 2026, the Company proposed to change its English and Chinese names from "CHYY DEVELOPMENT GROUP LIMITED 中國恒有源發展集團有限公司" to "Sino Energy Conservation International Limited 中華節能國際有限公司" (the "Change of Company Name"). Details of the proposal are set out in the Company's announcement dated 14 April 2026 and the circular dated 3 June 2026.

The special resolution approving the Change of Company Name was duly passed by the Shareholders at the annual general meeting of the Company held on 26 June 2026.

The Registrar of Companies in the Cayman Islands issued the certificate of incorporation on change of name on 29 June 2026, and the registration of the new name in Hong Kong was completed on 27 July 2026. The Company subsequently published an announcement on 30 July 2026 confirming that the Change of Company Name had become effective and that a new corporate logo had been adopted. The stock short name of the Company was changed to "SINO ENGY CONS" in English and "中華節能" in Chinese with effect from 9:00 a.m. on 5 August 2026.

CAPITAL REORGANISATION

On 28 May 2026, the Company proposed to implement a capital reorganisation (comprising the share consolidation, the capital reduction and the share sub-division) and the change in board lot size (the "Capital Reorganisation"). Details of the proposed Capital Reorganisation are set out in the announcement of the Company dated 28 May 2026 and the circular of the Company dated 10 June 2026.

The special resolution approving the Capital Reorganisation was duly passed by the Shareholders at the extraordinary general meeting of the Company held on 26 June 2026.

As at the date of this report, the Capital Reorganisation has not yet become effective as certain conditions precedent of the Capital Reorganisation remain outstanding.

As at the date of this report, the Board comprises Mr. Xu Shengheng and Mr. Dai Qi as executive Directors, Mr. Liao Yuan, Ms. Liu Ening and Mr. Zhang Yiying as non-executive Directors, Mr. Zhang Honghai, Mr. Guan Chenghua and Mr. Guo Guanglei as independent non-executive Directors.

By Order of the Board of
Sino Energy Conservation International Limited
Xu Shengheng
Joint Chairman & Executive Director

Hong Kong, 25 August 2026