



China Environmental Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 646

Annual Report 2025



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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS:

Mr. Xu Jingping (*Chairman*)
Mr. Xu Zhongping (*Chief Executive Officer*)
Mr. Yang Baodong

NON-EXECUTIVE DIRECTORS:

Ms. Hu Yueyue
Mr. Ma Tianfu
Mr. Wang Youming

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Tse Chi Wai
Prof. Zhu Nanwen
Prof. Li Jun

AUDIT COMMITTEE

Mr. Tse Chi Wai (*Chairman*)
Prof. Zhu Nanwen
Prof. Li Jun

REMUNERATION COMMITTEE

Mr. Tse Chi Wai (*Chairman*)
Prof. Zhu Nanwen
Prof. Li Jun

NOMINATION COMMITTEE

Mr. Xu Jingping (*Chairman*)
Mr. Tse Chi Wai
Prof. Zhu Nanwen
Prof. Li Jun

COMPANY SECRETARY

Mr. Li Wang Hing, Nelson

INDEPENDENT AUDITOR

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

LEGAL ADVISERS

Zhong Lun Law Firm
Conyers Dill & Pearman

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Vistra (Cayman) Limited
P.O. Box 31119, Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE

P.O. Box 31119, Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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San Po Kong
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LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock Code: 646

PRINCIPAL BANKER

Hang Seng Bank Limited

COMPANY WEBSITE

www.cethl.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board (the “**Board**”) of Directors (the “**Directors**”) of China Environmental Technology Holdings Limited (“**CETH**” or the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”), I am pleased to present to the shareholders the annual results of the Group for the year ended 31 December 2025.

The past year marked the conclusion of the 14th Five-Year Plan, and the wastewater treatment industry underwent a strategic transformation from “infrastructure services” to “ecological value services.” Under the “dual carbon” goals, the attributes of wastewater treatment facilities are undergoing fundamental changes. Wastewater treatment plants are transforming from simple pollutant reduction sites into low-carbon hubs that integrate “energy, resources, and ecology,” achieving energy self-sufficiency through methods such as biogas power generation, water source heat pumps, and phosphorus resource recovery. As the core of the Group’s business, wastewater treatment has clearly shifted its focus in 2025 from single-technology services to lean, comprehensive, and innovative services, deepening its existing capabilities and leveraging smart technologies. Furthermore, the Group has clarified its strategy of combining wastewater treatment project development with newly launched energy management project development, fostering synergistic growth and providing customers with more service options.

The energy management business commenced operations in the second half of 2024. Leveraging the national “dual carbon” target and the strategic deployment of building a new energy management system, in 2025, the Group implemented power supply transfer for a park, energy-saving operation of air conditioning in a shopping mall, and expanded the scale of regional power trading. The core trading system is online and operating stably, possessing basic capabilities for load forecasting, market analysis, and power sales strategy decision-making. The asset-light operation model has already generated millions of Hong Kong dollars in revenue, and the gross profit margin is far higher than that of the traditional wastewater treatment business. The energy management business has demonstrated enormous potential as a new growth point.

2025 is a pivotal year for the Company’s strategic transformation. Facing the dual challenges of macroeconomic fluctuations and profound industry adjustments, the Company not only achieved steady growth in its wastewater treatment business but also made significant breakthroughs in the new arena of energy management trading and virtual power plants. The synergistic development of the Company’s new and existing businesses has laid a solid foundation for high-quality development during the 15th Five-Year Plan period.

At the same time, we are keenly aware of the difficulties and challenges in our development. The business model of the energy management business still heavily relies on subsidy policies in its early stages, and the stability of market-based profitability needs further verification. Furthermore, the Group lacks a sufficient reserve of multi-skilled personnel. With the transformation towards a dual-main business of “water + energy,” high-end multi-skilled personnel who understand both environmental protection and the power market, as well as digital technology, remain scarce. Team building and capacity building remain a long-term project. More importantly, the Group is facing pressure from liquidity and accounts receivable, and needs to broaden its financing channels. In the future, it will not be limited to raising funds through the issuance of ordinary bonds, convertible bonds, and placement of new shares to support the Group’s business development. The Group’s major shareholder also intend to use his significant forestry assets as financing instruments to support the Group in resolving its debt and providing more liquidity.

CHAIRMAN'S STATEMENT

Looking back at 2025, the Company's ability to achieve steady growth in existing businesses and breakthroughs in new businesses amidst a complex market environment is inseparable from the strong support of all parties. We thank every shareholder for their trust and patience, which gave us the confidence and courage to explore new avenues and advance digital transformation. We thank all employees for their hard work and pioneering spirit; you are the company's most valuable asset. We thank our customers and partners for their long-term trust; your recognition and needs are the fundamental driving force behind our continuous improvement of service quality and pursuit of excellence.

Looking ahead to 2026, the year that marks the start of the 15th Five-Year Plan, the Board of Directors will continue to lead the management team to ensure the safe and steady development of the wastewater treatment business, seize the important opportunities presented by the construction of the national new power system and zero-carbon industrial parks, accelerate the large-scale implementation of the energy management business, actively explore a low-carbon development path that integrates water and energy, and strive to create long-term and sustainable value returns for shareholders.

On behalf of the Board

Mr. Xu Jinping

Chairman

Hong Kong, 31 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 December 2025, the Group recorded a revenue of approximately HK\$30,693,000 (2024: approximately HK\$28,229,000), representing an increase of about 8.73% compared to that of 2024. The gross profit margin for the year was approximately 29.84% (2024: approximately 27.57%). The increase in gross profit margin was mainly due to the high gross margin of energy management business which was more than twice that of the wastewater treatment business in 2025. The Group's loss attributable to owners of the Company was approximately HK\$52,398,000 (2024: approximately HK\$30,741,000), representing an increase of about 70.45% as compared to that of 2024. The Group's loss increased mainly due to (1) the appreciation of RMB over HK dollar which resulted in exchange loss from RMB denominated payables and debts, and (2) the gain on loan settlement and income from waiver of trade and other payables totalling approximately HK\$8.8 million in 2024, while there was no such gain or income in 2025.

BUSINESS REVIEW

WASTEWATER TREATMENT

The Group's revenue from wastewater treatment operations remained largely flat compared to the previous year in 2025. According to the National 15th Five-Year Plan, the wastewater treatment industry is undergoing a profound transformation from "scale expansion" to "value creation" during the 15th Five-Year Plan period (2026-2030). The core trend can be summarized as: using digitalization as the engine and systematic governance as the key, under the dual constraints of market mechanisms and safety bottom lines, achieving synergistic efficiency in pollution reduction and carbon reduction. To this end, based on future development trends, the Group's environmental protection business has adopted resource integration, process innovation, data-driven empowerment, and energy synergy as core principles, deeply cultivating the existing market and steadily striving for incremental market growth. During the year, the wastewater treatment subsidiary updated its business scope to include energy conservation, carbon reduction, and digital intelligent services to actively respond to new market changes.

ENERGY MANAGEMENT

This year, the National Development and Reform Commission, the National Energy Administration, the Ministry of Industry and Information Technology, and other ministries issued a series of supporting documents regarding the national "dual-carbon" strategy and the construction of a new power system, clarifying the timeline for establishing a unified national power market and a new power market. The energy market is undergoing a major historical transformation, and the construction of a clean, green, and low-carbon energy system with new energy sources as the main energy supply will accelerate. Based on this significant opportunity, the Group's energy management business has been deeply cultivated in 2025, successively implementing and launching electricity transfer services, air conditioning energy-saving renovation services, virtual power plant consulting services, and energy management trading strategy services. Revenue from the energy management business accounted for more than 10.5% of the Group's total revenue for the year, with a gross profit margin over twice that of the water business, demonstrating strong competitiveness and growth potential. With the deepening of national power market reforms, the energy management business is expected to become one of the Group's main business units.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Based on the Group's current parallel development of "water + electricity" businesses, and facing the first year of the "15th Five-Year Plan," the Group will firmly grasp the three historic opportunities of water quality improvement, the construction of a new energy management system, and zero-carbon industrial parks. It will adhere to the dual-engine strategy of "water as the foundation and electricity as the wings," deeply integrating into the national water network construction and new power system construction. The wastewater treatment business will focus on digital empowerment and system governance, accelerating its transformation towards low-carbon circulation and value creation. The energy management business will use virtual power plants and electricity trading strategy services as its core carriers, leveraging zero-carbon industrial parks as a breakthrough scenario to promote the deep integration of power generation, grid, load, and storage with the national unified electricity market. It will strive to increase the proportion of revenue from this business in the Group's total revenue, supporting the energy management business to become a new growth point and a major source of income. Future financing from the Group will be prioritized for the development of the energy management business.

CONCLUSION

In 2025, facing numerous challenges, the Group, while consolidating its existing wastewater treatment business, has made significant progress in developing energy management as a key new productive force. This has been achieved by expanding into various scenarios, including civil aviation airports, industrial parks, large commercial facilities, computing centers, and new energy power plants, providing virtual power plant and electricity trading strategy services.

By strengthening water-energy synergy, resource coordination, and model innovation, the Group is committed to building a green and low-carbon integrated service system that couples water, energy, and carbon, achieving high-quality and sustainable development while serving national strategies.

MANAGEMENT DISCUSSION AND ANALYSIS

EMOLUMENT POLICY

As at 31 December 2025, the Group had 56 employees (2024: 67 employees). The remuneration policy and packages are reviewed annually by the management and the Remuneration Committee. The Group remunerates its employees based on their performance, work experience and the prevailing market rate. The remuneration packages include basic salary, double pay, commission, insurance and mandatory provident fund. The Group operates a share option scheme for the purpose of providing incentives and rewards to (among others) eligible Directors and employees of the Group to recognise their contribution to the result of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

LIQUIDITY

As at 31 December 2025, the total cash and bank balances of the Group were approximately HK\$1,687,000 (2024: approximately HK\$892,000). The cash and bank balances consisted of about 4.20% in Hong Kong dollars, and 95.80% in Renminbi.

As at 31 December 2025, the Group had total assets of approximately HK\$34,642,000 (2024: approximately HK\$37,227,000) and total liabilities of approximately HK\$668,282,000 (2024: approximately HK\$610,175,000). As at 31 December 2025, the current ratio was 0.07 (2024: 0.08), calculated on the basis of current assets of approximately HK\$32,823,000 (2024: approximately HK\$34,542,000) over current liabilities of approximately HK\$484,560,000 (2024: approximately HK\$451,256,000).

The Group's borrowings amounted to approximately HK\$175,149,000 (2024: approximately HK\$161,666,000). The Group's borrowings are denominated in Renminbi, Hong Kong dollars and United States dollars, bearing fixed interest rates/coupon rate. The Group's gearing ratio, being the ratio of the total debts to total assets, was 505.60% (2024: 434.27%).

CHARGE ON ASSETS

As at 31 December 2025, the Group did not have any charge on its assets (31 December 2024: Nil).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Xu Jingping, aged 64, brother of Mr. Xu Zhongping, appointed as Chairman, executive Director and chairman of the Nomination Committee since 23 December 2020, graduated from China University of Political Science and Law with a bachelor's degree in law. Mr. Xu Jingping was a principal staff of the Auditing Department of the People's Bank of China and has over 20 years in department store management, in particular, high end branded stores and factory outlets. Since 2002, Mr. Xu Jingping involves in commercial real estate sector and property consultancy work. From May 2008 to June 2015, Mr. Xu Jingping was one of the senior managements in department store operations of Powerlong Real Estates Holdings Limited (01238.HK). Before joining the Company, Mr. Xu Jingping was a director of private real estate consultancy firm.

Mr. Xu Jingping was a director or legal representative of each of the following private companies registered in the People's Republic of China prior to their respective dissolution and/or revocation of business licenses: Guangzhou Haizhu District Helede Trading Company* (廣州市海珠區合利德貿易公司) by way of voluntary liquidation in 1998 due to cessation of business; Beijing Xing Ma Tai Trading Company Limited* (北京星馬泰商貿有限公司), Chengdu Jinfu Industrial Company Limited* (成都錦福實業有限責任公司) and Beijing Donghao Advertising Co., Ltd.* (北京東豪廣告有限公司) by way of revocation of business licenses in 2006, 2007 and 2009, respectively due to being inactive with no business commenced for certain period. Mr. Xu Jingping confirmed that each of the said companies was solvent at the time of its dissolution or revocation of business license; there was no wrongful act on his part leading to the above dissolution or revocation of business license; to his knowledge, such dissolution and revocation of business license had not or will not result in any actual or potential claims against him; and that such dissolution and revocation of business license had not resulted in any liability or obligations being imposed against him.

Mr. Xu Zhongping, aged 63, he was re-designated from non-executive Director to executive Director of the Company since 4 October 2021. He graduated from Nanjing University of Finance and Economics with a bachelor's degree. He has over 30 years of experience in corporate management, business investment and international economic strategic cooperation.

He independently created the famous domestic fashion brand Yinmeng Fashion* (銀夢時裝) in the 1990s, and cooperated with China New Technology Venture Capital Corporation* (中國新技術創業投資公司) to establish the most famous department store Beijing Scitech Plaza* (北京賽特購物中心) after the reform and opening-up, serving as its first managing director. He led the introduction of the largest supermarket chain, Carrefour* (家樂福連鎖超市集團), in France into China, serving as vice chairman and vice president on behalf of the Chinese side, and set up nearly 100 Carrefour supermarkets in Beijing, Shanghai and other major capital cities. He served as an executive director of the China International Economic and Cultural Promotion Association* (中國國際經濟文化促進會) in Hong Kong, promoting hundreds of economic and cultural exchanges between Hong Kong and the Mainland. From 2009 to date, he has become the controlling shareholder of the Company as a major shareholder together with several partners.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Yang Baodong, aged 51, graduated from Wuhan University of Surveying and Mapping, majoring in urban construction, bachelor of engineering, and registered project management expert of the American Project Management Institute. He joined the Group in 2014, successively served as assistant to the President and Vice President of the Group, and was appointed as the executive Director of the Company in June 2019. Mr. Yang Baodong has been engaged in management for 22 years in various industries such as construction, energy and environmental protection. He has more than 10 years of work experiences in listed companies in Hong Kong, and has extensive experience in project management, investment mergers and acquisitions, and mid-and long-term planning of enterprises. From May 2015 to present, he has served as vice president of the Company and general manager of the core subsidiary of the Company, Beijing Jingrui Kemai Water Purification Technology Co., Ltd. (“**Beijing Jingrui**”). Under his leadership, Beijing Jingrui has edited one industry standard, four industry group standards, and newly applied for more than forty patents, becoming a leading enterprise in subdivided industries. Mr. Yang Baodong worked for China Gas Holdings Limited from July 2007 to April 2013, a company listed on the main board of the Hong Kong Stock Exchange (stock code: 00384), and also successively served as the assistant general manager of China Gas Aisika Energy Holdings Co., Ltd., a joint venture between China Gas and South Korea SK Group, assistant General Manager of Planning and Development Department of China Gas Group. During his tenure, he was mainly responsible for industrial research, development and mergers and acquisitions, investment analysis, asset restructuring, introduction of corporate governance structure system of the urban pipeline gas projects, decentralized energy, biomass power plants, and natural gas power plants, as well as the establishment of the group’s mid-and long-term plans and strategic plans, enterprise management system reform design and other work. From April 2013 to March 2014, he served as general manager of the project department of Guangdong Yueshang High-tech Co., Ltd., mainly responsible for the company’s overall investment business development, including investment in technology real estate projects and equity projects and project mergers and acquisitions.

NON-EXECUTIVE DIRECTORS

Ms. Hu Yueyue, aged 46, she was re-designated from executive Director to non-executive Director of the Company since 4 January 2022. She has over 10 years experiences of investment and management in the healthcare sector. She has led many investment projects in the healthcare sector and relevant post-investment management. Ms. Hu started her career in sales and marketing with General Electric in Shenzhen. Before joining the Company, she served as a managing director of China Huarong International Holdings Limited in Hong Kong and was in charge of the private equity investment business department that primarily focused on healthcare sector. Prior to that, she served as a managing director in Golden Harmony Capital and was responsible for managing the company’s investments. She also previously worked in New Horizon Capital in Beijing and was highly involved in investment, portfolio management and fundraising. Ms. Hu obtained a Bachelor degree from Tsinghua University, a Master degree from Yale University, and an MBA degree from Massachusetts Institute of Technology.

Mr. Ma Tianfu, aged 79, is a non-executive Director of the Company. Mr. Ma is a director of Gentle International Holdings Limited and Superform Investment Development Limited; he is also a director and senior engineer of Shanghai Shi Dong Kou Embankment Development Engineering Company Limited (上海石洞口圍堤開發工程有限公司). Mr. Ma graduated from Shanghai University of Electric Power (formerly known as Shanghai Electric Power School) in the PRC and completed a four-year bachelor degree in thermal engineering automatic system in power plants and has years of experience in the field of electricity power engineering and construction projects. He was awarded a Science and Technology Progress Award of Shanghai in 1993 issued by the Science and Technology Progress Awards Jury of Shanghai Municipality. Mr. Ma was issued with a certificate as a researcher for life of the Enterprises Committee of the Chinese Academy of Management Science in 2002. Mr. Ma joined the Group in 2012.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Youming, aged 55, has a senior high school education and has 23 years of rich experience in corporate management and experience in the field of environmentally friendly new materials. Mr. Wang served in the headquarters of the Chinese People's Armed Police Force for more than 10 years in his early years. After demobilization in 2000, he founded Beijing Mingang Ruixiang Technology Co., Ltd., Beijing Jiayueming Technology Development Co., Ltd., Shandong Mingang Ruixiang Building Materials Technology Co., Ltd., Shandong Borui New Material Technology Co., Ltd., and hold the position of chairman in all these companies. He has achieved numerous scientific and technological achievements and awards in new environmentally friendly building materials and resource utilization of phosphogypsum solid waste, which has been widely used. Relevant technical products have been included in the Catalogue of Major Environmental Protection Technology and Equipment Encouraged by the State and have an important influence in the industry. Mr. Wang joined the Group in 2023.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tse Chi-wai, aged 57, is an Independent Non-Executive Director of the Company. Mr. Tse has over thirty years of experience in auditing, accounting, and finance, having worked for several international accounting firms and listed companies. He graduated from the University of Hong Kong in June 1989 with a Bachelor of Social Sciences degree. Mr. Tse is a practicing member of the Hong Kong Institute of Certified Public Accountants, a Fellow of the Association of Chartered Certified Accountants (ACCA), a Chartered Accountant of the Institute of Chartered Accountants in England and Wales, and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tse previously served as an Executive Director of China Information Technology Development Co., Ltd. (stock code: 8178), an Independent Non-Executive Director of Sunac China Holdings Limited (stock code: 1918), an Independent Non-Executive Director of Green Holdings Limited (stock code: 1318), an Independent Non-Executive Director of Huarong Investment Stock Corporation Limited (stock code: 2277), an Independent Non-Executive Director of Chong Kin Group Holdings Limited (stock code: 1609), and an Independent Non-Executive Director of Winto Group (Holdings) Limited (stock code: 8238). He served as an independent non-executive director of Fuk Tin Company Limited (stock code: 8196), a Hong Kong-listed company, from November 2015 to February 2025. He is currently an executive director of Shanghai Junglin Environmental Technology Company Limited (上海叢麟環保科技股份有限公司), a company listed on the Shanghai Stock Exchange STAR Market (上海證券交易所科創板) since August 2022, stock code 688370. Mr. Tse is also an independent non-executive director of Hollwin Urban Operation Service Group Co., Ltd., which is listed on main board of the Stock Exchange of Hong Kong (stock code: 2529). Mr. Tse joined the Group in May 2015.

Professor Zhu Nanwen, aged 57, is an independent non-executive director of the Company. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee respectively. He is a second-level professor and doctoral supervisor of Shanghai Jiao Tong University and an outstanding academic leader in Shanghai. He is currently the executive director of the "Shanghai Solid Waste Treatment and Recycling Engineering Research Center", and concurrently serves as the director of the expert committee of the "Shanghai Industrial Wastewater Treatment and Resource Professional Technical Service Platform", the "Ministry of Housing and Urban-Rural Development Urban Appearance and Sanitation Standardization Technical Committee", the "China Civil Engineering Society Municipal Branch" Council Member, "Shanghai Organic Solid Waste Pollution Control and Resource High-Value Utilization Professional Technical Service Platform" Technical Committee Member, "National Sludge Treatment and Disposal Industry Technology Innovation Strategic Alliance" Executive Director, etc. He has been engaged in research on solid waste and wastewater treatment technology for a long time. He has been authorized with more than 60 invention patents; won the first prize of Shanghai Science and Technology Invention Award, the first prize and second prize of Shanghai Science and Technology Progress Award, and won the second prize of National Science and Technology Progress Award.

* For identification purpose only

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Prof. Li Jun, aged 61, is an independent non-executive Director of the Company. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee respectively. He is the Registered Environmental Protection Engineer, a professor and PhD student tutor in Beijing University of Technology, director of Research Institute of Municipal Engineering and Supervisor of Sewage and Sludge Treatment and Recycling Technology Research Laboratory in Beijing University of Technology. He obtained the Doctorate Degree in Environmental Engineering from Harbin Institute of Technology in 1995. From 1996 to 1999, he worked as a post-doctorate researcher in Chiba University of Japan. Prof. Li has been engaged in the research for sewage treatment technology for many years and completed over 40 national and provincial subjects research. He is a well-known domestic expert in water affair. He is currently the director of China Water Industry Association CCES, the standing director of the Committee of Water Recycling of Chinese Society of Environmental Science, the deputy director of Water Pollution Control Committee of China Association of Environmental Protection Industry, Deputy Secretary General of the Committee of Environmental Engineering of Chinese Society of Environmental Sciences and the evaluation expert of National Natural Science Foundation of China and National 863 Program. Prof. Li joined the Group in 2016.

SENIOR MANAGEMENT

Mr. Liu Dong, holds a bachelor's degree in engineering majoring in mechanical and electrical engineering from Northwestern Polytechnic University; graduated from a postgraduate course in business management at Capital University of Economics and Business. Mr. Liu is currently the executive general manager of the core subsidiary Beijing Jingrui, responsible for the company's daily operation and management. He has 30 years of experience in the military, automotive, construction, and environmental protection industries, as well as mid-and high-level management experience in the enterprise; strong enterprise operation and comprehensive management capabilities in enterprise management and technical management. Mr. Liu has been working in Shaanxi Aircraft Industry (Group) Co., Ltd. since 1989. He has successively served as a technician, aircraft instrument engineer, and company representative in the field. He has worked in Beiqi Foton Motor Co., Ltd. since 2000. He has held various positions such as minister, deputy director of the business department, and deputy general manager of the independent legal person company. Since 2010, Mr. Liu worked in a number of environmental protection companies, successively served as deputy general manager, executive deputy general manager and other positions, responsible for the company's daily operations and management. Mr. Liu joined the Group in 2016.

Mr. Li Wang Hing, Nelson, is the Company Secretary of the Company. Mr. Li holds a master degree of business administration from the University of Leicester in U.K. and a master degree of professional accounting from the Hong Kong Polytechnic University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and is also a qualified Chartered Secretary designated as fellow member of both The Institute of Chartered Secretaries and Administrators, United Kingdom and The Hong Kong Institute of Chartered Secretaries. At present, he is the Honorary Auditor of Hong Kong Seamen's Union and the Council Member of Shipping Employees Union. Mr. Li joined the Group in 2008.

Ms. Shi Chen, is the Group's financial controller. Ms. Shi is a non-practicing member of the Chinese Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. She graduated from Renmin University of China with a master's degree in business administration. Ms. Shi has 18 years of professional work experience in the financial field of enterprises and accounting firms. She has extensive experience in financial analysis, financial management, auditing, tax planning, corporate due diligence and mergers and acquisitions. Ms. Shi joined the Group in 2017.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report in the Group's annual report for the year ended 31 December 2025.

The manner in which the principles and code provisions in the Corporate Governance Code (“**CG Code**”) contained in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) are applied and implemented is explained as follows:

CORPORATE GOVERNANCE PRACTICES

The Board recognises that corporate governance practices are crucial to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholder value. The Company is committed to achieving and maintaining a high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures.

The Company has adopted the code provisions set out in the Corporate Governance Code. Save as disclosed in the annual report, the Company has complied with all the code provisions.

The Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place. The Board will continue to review its corporate governance practices, in order to enhance its corporate governance standard, to comply with regulatory requirements and to meet the growing expectations of the shareholders of the Company and investors.

THE BOARD

RESPONSIBILITIES

The management and control of the business of the Company are vested in its Board. It is the duty of the Board to establish policies, strategies and plans, and to provide leadership in the attainment of the objective of creating value to shareholders.

The positions of the Chairman and the Chief Executive Officer are held by separate persons. The Chairman is responsible for the management of the Board and the formulation of strategies and policies of the Company. The Chief Executive Officer is responsible for the management of the business and overall operations. The senior management was delegated the authority and responsibilities for the day-to-day management and operations of the Group. In addition, the Board has also established Board committees and has delegated to these Board committees various responsibilities set out in their respective terms of reference.

BOARD COMPOSITION

The Company has adopted the recommended best practice under the CG Code. The Board has a balanced composition of executive and non-executive Directors to ensure independent viewpoints in all discussions. The Board currently comprises nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors.

CORPORATE GOVERNANCE REPORT

The Directors during the financial year and up to the date of this report were:

Executive Directors:

Mr. Xu Jingping (*Chairman*)
Mr. Xu Zhongping (*Chief Executive Officer*)
Mr. Yang Baodong

Non-Executive Directors:

Ms. Hu Yueyue
Mr. Ma Tianfu
Mr. Wang Youming

Independent Non-Executive Directors:

Mr. Tse Chi Wai
Prof. Zhu Nanwen
Prof. Li Jun

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the CG Code.

Except that Mr. Xu Jingping and Mr. Xu Zhongping are brothers, members of the Board and the senior management are unrelated to one another.

During the year ended 31 December 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. On this basis, the Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules. As at the date of this annual report, Mr. Tse Chi Wai, Prof. Zhu Nanwen and Prof. Li Jun had served the Company for more than nine years. The Board is of the view that Mr. Tse Chi Wai, Prof. Zhu Nanwen and Prof. Li Jun can continue to fulfill his role as required.

The executive Directors, with their intimate knowledge of the business, take on the primary responsibility for the leadership for the Company while the non-executive Directors and independent non-executive Directors bring a wide range of business and financial expertise, experiences and independent judgment to the Board. Independent non-executive Directors are invited to serve on the Audit, Remuneration and Nomination Committees of the Company.

CORPORATE GOVERNANCE REPORT

The Company has put in place mechanisms to ensure that the Board is provided with independent views and opinions, including but not limited to:

- (i) participation of non-executive Directors (including independent non-executive Directors) in Board meetings and Board committees to provide independent views, recommendations and judgements on important issues relating to the Company;
- (ii) the independence of all independent non-executive Directors is assessed annually by the Nomination Committee in accordance with the requirements of the Listing Rules;
- (iii) for any independent non-executive Director who has served for more than nine years, the Nomination Committee further assesses his or her role as an independent non-executive Director to ensure that he or she meets the relevant independence requirements; and
- (iv) the Board examines the implementation and effectiveness of this mechanisms.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Xu Zhongping served as the Chief Executive Officer of the Company. The Chairman of the Board provides overall leadership for the Board and the Group's business. The daily management is delegated to the executive Directors and the senior management. The Board shall review its structure from time to time to ensure appropriate action is being taken should suitable circumstances arise.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

In accordance with article 108(A) of the Articles of Association of the Company, all Directors are subject to retirement by rotation at least once every three years. In accordance with article 111 and article 112 of the Articles of Association of the Company, any new Director appointed to fill a casual vacancy or as an addition to the Board shall submit himself for re-election by shareholders at the next general meeting (in the case of filling a casual vacancy) or the next annual general meeting (in the case of an addition to the Board).

Code provision B.2.2 of the CG Code stipulates that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

There is no service contract between the Company and Ms. Hu Yueyue, Mr. Ma Tianfu, Mr Wang Youming, the non-executive Directors, and Mr. Tse Chi Wai, Prof. Zhu Nanwen and Prof. Li Jun, the independent non- executive Directors. They were not appointed for any specific length of service with the Company.

Although the non-executive Directors and independent non-executive Directors do not have a specific term of appointment, all Directors are subject to retirement by rotation once every three years in accordance with the Company's Articles of Association.

The procedures and process of appointment, re-election and removal of Directors are included in the Company's Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non- executive Directors.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

BOARD DIVERSITY POLICY

Purpose

The Board has established a Nomination Committee with authority, responsibility, and specific duties, including but not limited to making recommendation to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive of the Company.

This policy aims to set out the approach to achieve diversity on the Board. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition (including gender, age, length of service) will be disclosed in the Corporate Governance Report annually.

The Board had targeted to achieve and had achieved at least 11.1% (1) of female Directors. When necessary, the Board or the Nomination Committee will hire an independent specialized institution to assist the selection of potential successors to female Directors so as to maintain gender diversity. In 2025, female employees in the Company account for 22.7% of the total employees. The Company adheres to the doctrine of gender equality, ensuring female employees have equal labor and social security rights as male employees.

Monitoring and Reporting

The Nomination Committee will report annually, in the Corporate Governance Report, on the Board's composition under diversified perspectives, and monitor the implementation of this Policy.

Review of this Policy

The Nomination Committee will review this Policy annually to ensure the effectiveness of this Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

CORPORATE GOVERNANCE REPORT

Reporting Procedures

This Policy will be published on the Company's website for public information.

A summary of this Policy together with the measurable objectives set for implementing this Policy, and the progress made towards achieving those objectives will be disclosed in the annual Corporate Governance Report.

As at 31 December 2025, the Nomination Committee comprised four members, namely executive Director, Mr. Xu Jingping (Chairman), independent non-executive Directors, Mr. Tse Chi Wai, Prof. Zhu Nanwen and Prof. Li Jun.

The principal duties of the Nomination Committee include:

- (a) to review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;
- (b) to develop and formulate relevant procedures for nomination and appointment of Directors;
- (c) to identify individuals suitably qualified to become a Board member;
- (d) to make recommendations to the Board on selection or appointment of individuals nominated for directorships and appointment or re-appointment of Directors and succession planning for Directors; and
- (e) to assess the independence of the independent non-executive Directors.

The Nomination Committee carries out the process of selecting and recommending candidates for directorships by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

The Nomination Committee recommended the re-appointment of the Directors standing for re-election at the coming annual general meeting of the Company.

A circular containing detailed information of the Directors standing for re-election at the coming annual general meeting of the Company shall be provided to the shareholders.

INDUCTION AND CONTINUING DEVELOPMENT FOR DIRECTORS

Each newly appointed Director should receive a comprehensive, formal and tailored induction on the first occasion of his appointment, so as to ensure that he has appropriate understanding of the business and operations of the Company and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The Company may engage external legal and other professional advisers for providing professional briefing and training programmes to the Directors where circumstances arise. Continuing briefings and professional development to Directors will be arranged whenever necessary.

CORPORATE GOVERNANCE REPORT

The Company Secretary reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors with written materials, as well as providing appropriate professional knowledge and latest development of regulatory requirements related to Director's duties and responsibilities to all Directors through emails and relevant websites.

During the year of 2025, Directors attended a comprehensive, formal and tailored conduction as newly appointed and materials covering the updates of the Listing Rules, especially concerning the corporate governance and internal control have been given for Directors' review and study.

The current Directors' attendance to the trainings is as follows:

| Name | Laws and regulations update | | Accounting/finance/ operational management | |
|--------------|-----------------------------|-----------------------|---|----------|
| | Reading materials | Training and lectures | Reading materials | Research |
| Xu Jingping | ✓ | ✓ | ✓ | ✓ |
| Xu Zhongping | ✓ | ✓ | ✓ | ✓ |
| Yang Baodong | ✓ | ✓ | ✓ | ✓ |
| Hu Yueyue | ✓ | ✓ | ✓ | ✓ |
| Ma Tianfu | ✓ | ✓ | ✓ | ✓ |
| Wang Youming | ✓ | ✓ | ✓ | ✓ |
| Tse Chi Wai | ✓ | ✓ | ✓ | ✓ |
| Zhu Nanwen | ✓ | ✓ | ✓ | ✓ |
| Li Jun | ✓ | ✓ | ✓ | ✓ |

REMUNERATION COMMITTEE

As at 31 December 2025, the Remuneration Committee comprised three members, namely Mr. Tse Chi Wai (Chairman), Prof. Zhu Nanwen and Prof. Li Jun, all of whom are independent non-executive Directors. The primary objectives of the Remuneration Committee include:

- to make recommendations on the establishment of procedures for developing remuneration policy and structure of the executive Directors and the senior management. Such policy shall ensure that no Director or any of his associates will participate in deciding his own remuneration;
- to make recommendations on the remuneration packages of the executive Directors and the senior management;
- to review and approve the remuneration packages of the executive Directors and the senior management by reference to the performance of the individual and the Company as well as market practice and conditions; and
- to review and approve the compensation arrangements for the executive Directors and the senior management.

The human resources department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the Chairman of the Company about these recommendations on remuneration policy and structure and the remuneration packages.

CORPORATE GOVERNANCE REPORT

The remuneration of the Directors has been determined with reference to their respective qualification, experience, duties and responsibilities in the Company as well as the Group's results and performance for the financial year concerned. The Remuneration Committee has reviewed the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and the senior management for the year under review.

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for Financial Reporting in Respect of Consolidated Financial Statements

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2025.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The senior management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial information and position of the Company put to the Board for approval.

The Directors are aware of a loss attributable to owner of the Company of approximately HK\$52,398,000 for the year ended 31 December 2025 and the Group had net current liabilities of approximately HK\$451,737,000 and net liabilities of approximately HK\$633,640,000 as at 31 December 2025. The Group's cash and cash equivalents amounted to approximately HK\$1,687,000 as at 31 December 2025, while the Group's borrowings and trade and other payables repayable within one year or on demand amounted to an aggregate of approximately HK\$474,711,000 as at 31 December 2025, among which the overdue entrusted loans, other loans and bonds amounted to approximately HK\$56,874,000 in aggregate with corresponding interest totaling approximately HK\$37,337,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The statement made by the external auditor of the Company regarding their reporting responsibilities in respect of the Group's consolidated financial statements for the year ended 31 December 2025 is set out in the "Independent Auditor's Report" on pages 42 to 45 of this annual report. Pursuant to code provision D.1.3 of the CG Code, the Directors acknowledge that, as disclosed in note 2 to the consolidated financial statements in this annual report, material uncertainties exist which may cast significant doubt on the Group's ability to continue as a going concern.

CORPORATE GOVERNANCE REPORT

Having taken into accounts the plans and measures the Board and the Group have or will implement, which are set out in note 2 to the Group's consolidated financial statements for the year ended 31 December 2025 (collectively, the "**Relevant Plans and Measures**"), the Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the foreseeable future and therefore, the Group has the ability to continue as a going concern and will continue its operations for at least 12 months from 31 December 2025. Accordingly, the Directors are of the view that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2025 on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements included in this annual report.

Disclaimer of Opinion

The auditor of the Company has expressed disclaimer of opinion on the audited consolidated financial statements of the Company for the year ended 31 December 2025 due to the scope limitation relating to the assessment on the appropriateness of the going concern basis of preparing the consolidated financial statements. Details of the disclaimer of opinion are set out in the "Independent Auditor's Report" on pages 42 to 45 of this annual report.

Board's Position, View and Assessment on the Disclaimer of Opinion

The Board and the management have reviewed and given careful consideration to the disclaimer of opinion and its basis, and have engaged in continuous discussions with the auditor during the preparation of the consolidated financial statements for the year ended 31 December 2025. It notes that such reasons primarily relate to scope limitations concerning the assessment of the appropriateness of the going concern basis, including the Group's significant loss for the year ended 31 December 2025, substantial net current liabilities, insufficient cash and cash equivalents, and the existence of overdue borrowings which have not yet been extended or refinanced, all of which represent material uncertainties.

In response to the auditor's disclaimer of opinion arising from significant uncertainties regarding the appropriateness of the going concern assumption, the Board fully understands that such opinion reflects the auditor's inability to obtain sufficient and appropriate audit evidence to assess the reasonableness and validity of the Group's adoption of the going concern basis. The Board acknowledges that, as at 31 December 2025, the Group recorded a loss attributable to owners of the Company of approximately HK\$52,398,000 for the year then ended, with both net current liabilities and net liabilities at elevated levels, and cash and cash equivalents relatively insufficient, particularly with overdue borrowings exerting significant pressure on the Group's financial position. These circumstances indeed indicate that the Group faces substantial financial risks and uncertainties, posing serious challenges to its ability to continue as a going concern.

CORPORATE GOVERNANCE REPORT

The Board has actively implemented a number of measures to alleviate funding pressure and improve the Group's financial position, including:

- The Board has persuaded the Investor to agree
 - (i) to extend the maturity date of other loan principal of HK\$800,000 under a loan agreement executed on 27 March 2019 to 30 September 2027 and not to demand for repayment for other loan principal of HK\$800,000 and the accrued interest of approximately HK\$568,000 as at 31 December 2025 before July 2027, and all interests accrued from this other loan are to be repaid on the new maturity date or if such date is not a business day, the next business day;
 - (ii) to extend the maturity date of other loan principal of approximately HK\$19,158,000 executed on 23 September 2019 to 31 December 2027 and not to demand for repayment for other loan principal of approximately HK\$19,158,000 and the accrued interest of approximately HK\$13,293,000 as at 31 December 2025 before July 2027, and all interests accrued from this other loan are to be repaid on the new maturity date or if such date is not a business day, the next business day;
 - (iii) to extend the maturity date of other loan principal of approximately HK\$10,091,000 executed on 25 January 2021 to 31 December 2027 and not to demand for repayment for other loan principal of approximately HK\$10,091,000 and the accrued interest of approximately HK\$8,039,000 as at 31 December 2025 before July 2027, and all interests accrued from this other loan are to be repaid on the new maturity date or if such date is not a business day, the next business day;
 - (iv) to extend the maturity date of other loan principal of approximately HK\$40,000,000 executed on 27 March 2019 to 27 September 2027 and not to demand for repayment for other loan principal of approximately HK\$40,000,000 and the accrued interest of approximately HK\$45,234,000 as at 31 December 2025 before July 2027, and all interests accrued from this other loan are to be repaid on the new maturity date or if such date is not a business day, the next business day;
 - (v) not to demand for repayment for a car rental fee of approximately RMB200,000 (approximately HK\$221,000) before July 2027;
 - (vi) not to demand for repayment for the interest of approximately HK\$11,997,000 before July 2027 related to the 8% 3-year convertible bonds which the Investor had converted to shares of the Company during the year ended 31 December 2024; and
 - (vii) not to demand for repayment for working capital of approximately RMB2,070,000 (approximately HK\$2,286,000) lent to the Group by certain companies controlled by the Investor and approximately HK\$1,347,000 lent to the Group by the Investor before July 2027.
- Classy Jade Limited, a company controlled by an executive Director, has agreed not to demand for repayment for the interest of approximately HK\$2,269,000 before July 2027 related to the 8% 3-year convertible bonds which Classy Jade Limited had converted to shares of the Company during the year ended 31 December 2024.

CORPORATE GOVERNANCE REPORT

- An executive Director has agreed (i) not to demand for repayment for working capital of approximately RMB10,065,000 (approximately HK\$11,113,000) lent to the Group before July 2027; and (ii) not to demand repayment of the other loan principal of approximately RMB4,600,000 (approximately HK\$5,079,000) and any accrued interest (which was nil as at 31 December 2025) before July 2027.
- An executive Director has confirmed to provide an adequate financial support to the Group in an amount not less than HK\$130,000,000 to ensure the Group's continuing operation for a period of at least fifteen months from 31 March 2026.

Apart from the above, the Directors are also undertaking the following plans and measures to improve the Group's liquidity and financial position:

- The executive Director is continuously maintaining his personal assets (mainly forestry assets with current market value of over RMB900 million based on the valuation performed by an independent valuer) in good condition and actively making prior arrangement for raising fund based on these assets so that his financial support can meet the Group's projected funding requirements in a timely manner.
- The Group is making every effort to expand its presence in the energy management and wastewater treatment markets and to strive for increased revenue from its principal operations.
- The executive Directors are continuing to broaden the Group's financing channels and is considering raising fund through the issuance of ordinary bonds, convertible bonds, or share placements in the future to support its business development.
- The executive Directors are maintaining ongoing and proactive communication with the holder of the entrusted loans to seek deferral of payments or debt restructuring.
- The executive Directors are negotiating with banks and other lending institutions to secure loan renewals or obtain alternative refinancing and new financing facilities.
- The Board is continuing to consider debt and group restructuring for certain capital-deficient subsidiaries to reduce the level of liabilities.

The Board believes that successful implementation of the above plans and measures will relieve the Group's liquidity pressure and improve its financial position. The Board has prudently assessed the feasibility of these plans and has taken proactive steps to advance them, including engaging with potential investors, creditors and financial institutions, and exploring the viability of issuance of ordinary bonds, convertible bonds, or share placement.

Despite the uncertainties surrounding the aforementioned measures, the Board considers these plans to be feasible and expects that they will effectively alleviate liquidity pressure and support the Company's ability to continue as a going concern. Based on the Group's cash flow forecast and the status of ongoing negotiations with various parties, and having considered the information currently available and actions taken, the Board believes that the Group has a reasonable basis to continue to adopt the going concern assumption in preparing the consolidated financial statements for the year ended 31 December 2025. However, the Board acknowledges that the implementation of these plans and measures remains subject to significant uncertainties, which may affect the Group's ability to continue as a going concern. Should these plans fail to materialise, the Board is fully aware that this could have a material impact on the carrying amounts of assets and the reclassification of assets and liabilities, and will make timely disclosures to shareholders as appropriate.

CORPORATE GOVERNANCE REPORT

The Board will continue to monitor the Group's cash flow position and funding requirements, expedite the financing arrangements, maintain communication with the auditor to resolve, as far as practicable, the matters giving rise to the disclaimer of opinion; and keep shareholders and investors informed of material developments in a timely manner. The Board confirms that, apart from the aforementioned material uncertainties, there are no other matters requiring special disclosure, and it will make its best efforts to safeguard the interests of the Company and its shareholders.

VIEWS OF THE AUDIT COMMITTEE

The Audit Committee has critically reviewed the disclaimer of opinion, as well as the management's measures, views and assessments in relation to the appropriateness of adopting the going concern basis in preparing the consolidated financial statements. The Audit Committee has also held discussions with the auditor regarding the disclaimer of opinion, considered the auditor's rationale and understood the basis for its conclusion.

Furthermore, the Audit Committee engaged in discussions with the Company's management, who have carefully considered the Group's cash flow forecast for the next fifteen months from 31 March 2026 and given due consideration to the matters giving rise to material uncertainty as to the Group's ability to continue as a going concern. Accordingly, management has proactively formulated certain plans and measures to ensure that the Group will have sufficient cash resources to continue as a going concern and to meet its obligations as they fall due.

Certain plans and measures have been or will be implemented to enable the Group to maintain adequate financial resources to meet its financial commitments as they fall due. These include, but are not limited to, those set out in notes 2 to the audited consolidated financial statements of the Group for the year ended 31 December 2025.

Assuming the successful implementation of the Relevant Plans and Measures, the Company's management considers that the Group will have sufficient working capital to finance its operations and meet its obligations as they fall due for at least 12 months from 31 December 2025. Accordingly, management is of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2025 on a going concern basis.

The Audit Committee has discussed the going concern issue with the Board and the Company's management. With the gradual implementation of the Relevant Plans and Measures, the Audit Committee concurs with the position taken by the Company's management and the Board regarding the accounting treatment adopted by the Company.

The Audit Committee has also discussed and acknowledged the auditor's concerns that uncertainties remain as to whether the Company's management will be able to successfully implement the Relevant Plans and Measures. There is no disagreement among the Board, the Company's management or the Audit Committee with the position taken by the auditor regarding the going concern issue.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and the assets of the Company and with the support of the Audit Committee, reviewing the effectiveness of such system on an annual basis.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The senior management shall review and evaluate the control process and monitor any risk factors on a regular basis and a formal internal audit department was set up in 2019 to report to the Audit Committee on any findings and measures to address the variances and identified risks.

The Group established internal audit department to manage, implement and monitor internal control process. In 2020, the Board approved and internally announced Corporate Governance Manual and a complaint mailbox to further strengthen the internal control system and minimize the occurrence of wrongdoings and misconduct. The Board has conducted a review of the effectiveness of the internal control system of the Group and was satisfied with the result.

The internal control system of the Company is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

AUDIT COMMITTEE

As at 31 December 2025, the Audit Committee comprised three members, namely Mr. Tse Chi Wai (Chairman), Prof. Zhu Nanwen and Prof. Li Jun. All of them are independent non-executive Directors (including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee include the following:

- (a) to review the consolidated financial statements and reports and consider any significant or unusual items raised by staff responsible for the accounting and financial reporting function or external auditor before submission to the Board;
- (b) to review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendation to the Board on the appointment, re- appointment and removal of external auditor;
- (c) to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures; and
- (d) to monitor the corporate governance of the Group including compliance with statutory and Listing Rules requirement.

During the year under review, the Audit Committee reviewed the Group's annual results and annual report for the year ended 31 December 2024; and the interim results for the period ended 30 June 2025, the financial reporting and compliance procedures, risk management review and processes and the re-appointment of the external auditor.

CORPORATE GOVERNANCE REPORT

There is no different view taken by the Audit Committee regarding the selection, appointment and resignation of the external auditor.

The Audit Committee has reviewed the audited consolidated financial statements for the year ended 31 December 2025. The Audit Committee has also discussed with management and reviewed the accounting principles and practices adopted by the Group, as well as risk management, internal control and financial reporting matters, and found them to be satisfactory.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 42 to 45.

During the year ended 31 December 2025, the remuneration paid to the Company's auditor, ZHONGHUI ANDA CPA Limited is set out below:

| Category of services | Fee paid/payable |
|-----------------------------|-------------------------|
| Audit service | HK\$1,100,000 |
| Non audit services | HK\$ – |
| Total | HK\$1,100,000 |

COMPANY SECRETARY

The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with shareholders and with management, and will report to the Chairman. During the year, the Company Secretary had taken the professional training not less than 15 hours.

BOARD MEETINGS

Board Practices and Conduct of Meetings

Annual meeting schedules and notice and draft agenda of each meeting are normally made available to Directors and committee members in advance.

Board papers together with all appropriate information is sent to all Directors/committee members well before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The senior management, Financial Controller or Company Secretary attended some regular Board meetings and when necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary/secretary of the committees is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

CORPORATE GOVERNANCE REPORT

The Company's Articles of Association contains provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest. According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. Independent non-executive Directors who, and whose associates, have no material interest in the transaction should be present at the Board meeting. The Board review the implementation and effectiveness of this policy on an annual basis.

Directors' Attendance Records

During the year ended 31 December 2025, two regular Board meetings were held for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

Code provision C.5.1 stipulates that the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. There were 5 Board meetings held during the year under review, two of which were regular meetings held for approving the final results for the year ended 31 December 2024 and interim results for the period ended 30 June 2025. The other Board meetings were held as and when the business and operational needs arose.

The attendance records of each Director at the meetings of shareholders, the Board, Audit Committee, Remuneration Committee and Nomination Committee during the year ended 31 December 2025 are set out below:

| Name of Directors | Attendance/Number of Meetings in Person | | | | |
|---|---|-------|-----------------|------------------------|----------------------|
| | General Meeting | Board | Audit Committee | Remuneration Committee | Nomination Committee |
| Executive Directors: | | | | | |
| Mr. Xu Jingping | 1/1 | 5/5 | – | – | 1/1 |
| Mr. Xu Zhongping | 0/1 | 5/5 | – | – | – |
| Mr. Yang Baodong | 1/1 | 5/5 | – | – | – |
| Non-Executive Directors: | | | | | |
| Ms. Hu Yueyue | 0/1 | 5/5 | – | – | – |
| Mr. Ma Tianfu | 0/1 | 5/5 | – | – | – |
| Mr. Wang Youming | 0/1 | 5/5 | – | – | – |
| Independent Non-Executive Directors: | | | | | |
| Mr. Tse Chi Wai | 0/1 | 5/5 | 2/2 | 1/1 | 1/1 |
| Prof. Zhu Nanwen | 0/1 | 5/5 | 2/2 | 1/1 | 1/1 |
| Prof. Li Jun | 0/1 | 5/5 | 2/2 | 1/1 | 1/1 |

Note: Mr. Xu Zhongping, Ms. Hu Yueyue, Mr. Ma Tianfu, Mr. Wang Youming, Mr. Tse Chi Wai, Professor Zhu Nanwen and Professor Li Jun were unable to attend the general meeting due to their other business commitments.

CORPORATE GOVERNANCE REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as its code of conduct regarding Directors’ securities transactions.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2025.

The Company has also established written guidelines of no less exacting terms than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by employees of the Group who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

DELEGATION BY THE BOARD

The Board takes responsibility for all major matters of the Company including the setting of objectives and overall strategies, the approval and monitoring of all policy matters, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company’s expense, upon obtaining approval from the Board.

The Board delegates day-to-day management, administration and operation of the Company to the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the senior management. The Board has the full support of the senior management to discharge its responsibilities.

The Board has established three committees, namely the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company’s affairs. All Board committees of the Company are established with defined written terms of reference which are posted on the Company’s website (www.cethl.com) and the website of the Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and are available to shareholders upon request.

CORPORATE GOVERNANCE REPORT

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of senior management of the Group. Details of the remuneration of each of the Directors for the year ended 31 December 2025 are set out in note 14 to the consolidated financial statements.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of corporate information which enables shareholders and investors to make the best investment decision.

The general meetings of the Company provide an important channel for communication between the Board and the shareholders. The Chairman of the Board as well as chairman of the Audit Committee, Remuneration Committee and Nomination Committee or, in their absence, other members of the respective committees and, where applicable, the independent Board committee, normally attend the annual general meeting and other relevant shareholders' meetings to answer questions at the shareholders' meetings. The Chairman ensures that appropriate steps are taken by the Company to provide effective communication with shareholders and that their views are communicated to the Board as a whole.

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner. As a channel to promote effective communication, the Company maintains a website at www.cethl.com, where up-to-date information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access. Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong or via facsimile at (852) 2511-1878 for any inquiries to the Board. The Company has reviewed its policy on communications with shareholders to ensure its effectiveness.

SHAREHOLDERS' RIGHTS

To safeguard the shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors.

All resolutions put forward at a shareholders' meeting will be taken by poll pursuant to the Listing Rules and the poll results will be posted on the website of the Company and Hong Kong Exchanges and Clearing Limited after the shareholders' meeting.

CORPORATE GOVERNANCE REPORT

PROCEDURES FOR SHAREHOLDERS TO PROPOSE/MOVE A RESOLUTION AT GENERAL MEETINGS

There are no provisions allowing shareholders of the Company to make proposals or move resolutions at a general meeting under the Company's constitution or the laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting by the following procedures below.

Procedures for Shareholders to Propose Convening Extraordinary General Meetings

Extraordinary General Meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the Secretary for the purpose of requiring an Extraordinary General Meeting to be called by the Directors for the transaction of any business specified in such requisition. The Shareholders shall deliver the above requisition documents to the principal place of the business of the Company in Hong Kong. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Directors fail to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders to Propose a Person for Election as a Director

Pursuant to Article 113 of the Articles of Association of the Company, a notice in writing of the intention to propose a person for election as a Director and a notice in writing by that person of his willingness to be elected shall be lodged at the Head Office or at the Registration Office of the Company.

These notices shall be lodged during a period commencing no earlier than the day after the despatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such meeting, provided that such period shall be at least seven days subject to and to such extent permitted by and in accordance with the laws and the Listing Rules.

The Company can also accept the said notice earlier than the day after the despatch of the notice of the meeting appointed for such election of Director(s).

CODE PROVISION C.1.8: APPROPRIATE INSURANCE COVER IN RESPECT OF LEGAL ACTION AGAINST DIRECTORS SHOULD BE ARRANGED

Currently, the Company does not have insurance cover for legal action against its Directors. The Board believes that with the current risk management and internal control systems and the close supervision of the management, the Directors' risk of being sued or getting involved in litigation in their capacity as Directors is relatively low. Benefits to be derived from taking out insurance may not outweigh the cost. Despite it, every Director is, subject to the provisions of the applicable laws, indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto pursuant to the Articles of Association of the Company. In view of the above, the Board considers that the Directors' exposure to risk is manageable.

REPORT OF THE DIRECTORS

The Directors submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The Group's principal business are 1) environmental protection related business, including trading of machinery and equipment, environmental protection technology, equipment system integration, cities and towns wastewater treatment and environmental project technical services, 2) healthcare related products and services, and 3) energy management business, currently focusing on services relating to electricity trading and power system operation and management. The details activities and other particulars of the subsidiaries are set out in note 34 to the consolidated financial statements.

The Company is a company incorporated in the Cayman Islands and has its principal place of business at Unit 901, New Tech Plaza, 34 Tai Yau Street, San Po Kong, Kowloon, Hong Kong.

An analysis of the Group's performance for the year by operating segment is set out in note 10 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers during the financial year is as follows:

| | Percentage of the Group's total Sales |
|-------------------------------------|--|
| The largest customer | 30% |
| Five largest customers in aggregate | 64% |

| | Percentage of the Group's total Purchases |
|-------------------------------------|--|
| The largest supplier | 30% |
| Five largest suppliers in aggregate | 69% |

At no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 46 and 47.

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

REPORT OF THE DIRECTORS

TRANSFER TO RESERVES

Loss attributable to owners of the Company, before dividends, of approximately HK\$52,398,000 (2024: approximately HK\$30,741,000) have been transferred to reserves. Other movements in reserves of the Company are set out in note 29 to the consolidated financial statements.

At 31 December 2025, none of distribution reserves are available to owners of the Company.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

DIRECTORS

The Directors during the financial year and up to the date of this report were:

EXECUTIVE DIRECTORS

Mr. Xu Jingping (*Chairman*)
Mr. Xu Zhongping (*Chief Executive Officer*)
Mr. Yang Baodong

NON-EXECUTIVE DIRECTORS

Ms. Hu Yueyue
Mr. Ma Tianfu
Mr. Wang Youming

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tse Chi Wai
Prof. Zhu Nanwen
Prof. Li Jun

All Directors appointed during this financial year have obtained the legal opinion referred to in Rule 3.09D of the Listing Rules on 31 May 2025 and they confirm that they understand all the requirements and responsibilities of the Listing Rules applicable to them as directors of the Company, and the possible consequences of making false statements or providing false information to the Stock Exchange.

Mr. Yang Baodong will retire from the office as executive Directors at the forthcoming annual general meeting of the Company in accordance with Article 108(B) of the Articles of Association of the Company and paragraph B.2.2 of Appendix C1 of the Listing Rules.

Mr. Tse Chi Wai, Prof. Zhu Nanwen and Prof. Li Jun will retire from the office as independent non-executive Directors at the forthcoming annual general meeting of the Company.

All retiring Directors, being eligible will offer themselves for re-election.

REPORT OF THE DIRECTORS

All Directors (including non-executive and independent non-executive Directors) of the Company are subject to the general provisions in respect of the retirement and rotation of Directors at the annual general meeting pursuant to the Company's Articles of Association.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

The Directors and chief executive who held office at 31 December 2025 had the following interests in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) at that date as recorded in the register of Directors' and chief executives' interests required to be kept under section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

LONG POSITIONS

(i) *Interests in issued shares of the Company*

| Name of Director | Capacity | No. of ordinary shares interested | % of the Company's issued share capital |
|------------------|---|-----------------------------------|---|
| Mr. Xu Zhongping | Interest held by a controlled corporation (<i>note</i>) | 89,309,000 | 26.06% |
| | Beneficial owner | 2,204,921 | 0.64% |
| | | 91,513,921 | 26.70% |
| Mr. Yang Baodong | Beneficial owner | 39,600 | 0.01% |
| Ms. Hu Yueyue | Beneficial owner | 400,000 | 0.12% |

Note:

These 53,429,000 shares were held under the name of Gentle International Holdings Limited ("**Gentle**"). Classy Jade Limited ("**Classy Jade**") owns 60% of the issued share capital of Gentle and Classy Jade held 35,880,000 shares. Mr. Xu Zhongping is the controlling shareholder of Classy Jade. Mr. Xu was therefore deemed to be interested in the said 53,429,000 shares held by Gentle and 35,880,000 shares held by Classy Jade under Part XV of the SFO.

REPORT OF THE DIRECTORS

(ii) Interests in underlying shares of the Company

| <u>Name of Director</u> | <u>Capacity</u> | <u>No. of share option held</u> | <u>% of the Company's issued share capital</u> |
|-------------------------|------------------|---------------------------------|--|
| Mr. Xu Zhongping | Beneficial owner | 1,824,000 | 0.53% |
| Mr. Yang Baodong | Beneficial owner | 1,824,000 | 0.53% |
| Mr. Ma Tianfu | Beneficial owner | 528,000 | 0.15% |

Apart from the foregoing, as at 31 December 2025, none of the Directors, the chief executive or any of their spouses or children under eighteen years of age has interests in the shares, underlying shares and debentures of the Company, or any of its associated corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the year.

SHARE OPTIONS

2010 SHARE OPTION SCHEME

The Company has, in accordance with Chapter 17 of the Listing Rules, adopted a share option scheme (the “**Share Option Scheme**”), as approved by the shareholders of the Company at the extraordinary general meeting held on 10 September 2010. The Directors are given a general mandate to invite eligible participants to take up options at the subscription price as prescribed under the Share Option Scheme to subscribe for shares of the Company. The purpose of the Share Option Scheme is to enable the Group to grant options to the eligible participants including employees, executive and non-executive Directors, suppliers and customers and shareholders of any members of the Group and any persons or entities that provided research, development or other technical support to the Group or any other group or classes of participants determined by the Directors as incentive or rewards for their contribution to the Group. The Share Option Scheme has become valid and effective for a period of ten years ended on 9 September 2020.

The exercise price of options is the highest of the nominal value of the shares, the closing price of the shares on the Stock Exchange on the date of offer and the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of offer. Each option gives the holder the right to subscribe for one ordinary share in the Company.

REPORT OF THE DIRECTORS

The total number of securities available for issue under the Share Option Scheme as at 31 December 2025 was 10,808,000 shares which represents 3.15% of the issued share capital of the Company as at 31 December 2025. Among all the options granted, 7,568,000 options are vested from the date of grant and 3,240,000 options are vested in two equal installments with the first and second installments to be vested in one and two years from the date of grant, respectively. The options are exercisable after the vesting date but within a period of ten years from the date of grant. The number of securities issued and to be issued upon exercise of the options granted to each participant in any 12-month period is limited to 1% of the Company's ordinary shares in issue.

Offer of an option shall have been accepted when the duplicate letter comprising acceptance of the option duly signed by the grantee together with a remittance of HK\$1 is received within such time as be specified in the offer, which shall not be later than 21 days from the date of offer. The Share Option Scheme had expired on 9 September 2020.

The details of share options granted by the Company under the 2010 Shares Option Scheme up to 31 December 2025 are set out in note 31 to the consolidated financial statements.

REPORT OF THE DIRECTORS

The following table discloses movements in the Company's share options outstanding during the year:

| Name or category of participant | Number of share options | | | | | At 31 December 2025 | Date of grant of share options | Exercise period of share options | Exercise price of share options HK\$ per share |
|--|-------------------------|-------------------------|---------------------------|-------------------------|---------------------------|---------------------|--------------------------------|----------------------------------|--|
| | At 1 January 2025 | Granted during the year | Exercised during the year | Expired during the year | Forfeited during the year | | | | |
| Directors, chief executive and a substantial shareholder and their associates | | | | | | | | | |
| Mr. Xu Zhongping | 912,000 | - | - | - | - | 912,000 | 11 May 2020 | 11.5.2020 to 10.5.2030 | 0.50 |
| | 456,000 | - | - | - | - | 456,000 | 11 May 2020 | 11.5.2021 to 10.5.2030 | 0.50 |
| | 456,000 | - | - | - | - | 456,000 | 11 May 2020 | 11.5.2022 to 10.5.2030 | 0.50 |
| | <u>1,824,000</u> | - | - | - | - | <u>1,824,000</u> | | | |
| Mr. Yang Baodong | 912,000 | - | - | - | - | 912,000 | 11 May 2020 | 11.5.2020 to 10.5.2030 | 0.50 |
| | 456,000 | - | - | - | - | 456,000 | 11 May 2020 | 11.5.2021 to 10.5.2030 | 0.50 |
| | 456,000 | - | - | - | - | 456,000 | 11 May 2020 | 11.5.2022 to 10.5.2030 | 0.50 |
| | <u>1,824,000</u> | - | - | - | - | <u>1,824,000</u> | | | |
| Mr. Ma Tianfu | 264,000 | - | - | - | - | 264,000 | 11 May 2020 | 11.5.2020 to 10.5.2030 | 0.50 |
| | 132,000 | - | - | - | - | 132,000 | 11 May 2020 | 11.5.2021 to 10.5.2030 | 0.50 |
| | 132,000 | - | - | - | - | 132,000 | 11 May 2020 | 11.5.2022 to 10.5.2030 | 0.50 |
| | <u>528,000</u> | - | - | - | - | <u>528,000</u> | | | |
| Other employees | | | | | | | | | |
| In aggregate | 648,000 | - | - | - | - | 648,000 | 11 May 2020 | 11.5.2020 to 10.5.2030 | 0.50 |
| | 480,000 | - | - | - | - | 480,000 | 11 May 2020 | 11.5.2021 to 10.5.2030 | 0.50 |
| | 480,000 | - | - | - | - | 480,000 | 11 May 2020 | 11.5.2022 to 10.5.2030 | 0.50 |
| | <u>1,608,000</u> | - | - | - | - | <u>1,608,000</u> | | | |
| Suppliers of goods or services | | | | | | | | | |
| In aggregate | 4,832,000 | - | - | - | - | 4,832,000 | 11 May 2020 | 11.5.2020 to 10.5.2030 | 0.50 |
| | 96,000 | - | - | - | - | 96,000 | 11 May 2020 | 11.5.2021 to 10.5.2030 | 0.50 |
| | 96,000 | - | - | - | - | 96,000 | 11 May 2020 | 11.5.2022 to 10.5.2030 | 0.50 |
| | <u>5,024,000</u> | - | - | - | - | <u>5,024,000</u> | | | |
| Total | <u>10,808,000</u> | - | - | - | - | <u>10,808,000</u> | | | |

Note: The Company conducted a share consolidation on the basis that every twenty (20) the then shares be consolidated into one (1) consolidated share on 27 September 2021. All numbers of share options and the exercise prices above are adjusted on a post share-consolidation basis.

REPORT OF THE DIRECTORS

As at 31 December 2025, the Company had 10,808,000 share options outstanding under the 2010 Share Option Scheme. Should they be fully exercised, the Company will receive HK\$5,404,000 (before issue expenses). The fair value of these unexercised options measured in accordance with the Group's accounting policy (note 4 to the consolidated financial statements) amounted to approximately HK\$2,275,000.

Save as disclosed above, at no time during the year was the Company, or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

EQUITY LINKED AGREEMENTS

Save as disclosed above in the section headed "Share Options", no equity-linked an agreements were entered into by the Group, or existed during the year ended 31 December 2025.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2025, the following substantial shareholders had interest or short positions in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO:

| | Capacity | No. of ordinary shares of the Company interested | % of the Company's issued shares capital |
|------------------|--|--|--|
| Gentle | Interest of a controlled corporation (<i>Note</i>) | 53,429,000 | 15.59 |
| Classy Jade | Interest of a controlled corporation (<i>Note</i>) | 35,880,000 | 10.47 |
| Mr. Xu Zhongping | Beneficial owner | 2,204,921 | 0.64 |
| Zhang Zihong | Beneficial owner | 88,580,000 | 25.85 |

Note: Classy Jade owns 60% of the issued share capital of Gentle. Mr. Xu Zhongping is the controlling shareholder of Classy Jade and was therefore deemed to be interested in the said 53,429,000 shares held by Gentle and 35,880,000 shares held by Classy Jade under Part XV of the SFO.

Save as disclosed above, as at 31 December 2025, so far as is known to the Directors, no person (other than the Directors whose interests are set out in the section headed "Directors' and Chief Executive's Interests in Shares and Underlying Shares" above) had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company, or any of its holding companies or subsidiaries was a party, and in which a Director or an entity connected to the Director had a material interest, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or their respective associates has any interests in a business which competes or may compete with the business of the Group.

REPORT OF THE DIRECTORS

SHARES ISSUED DURING THE YEAR

Details of the movements in share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

DEBENTURES DURING THE YEAR

Reference is made to the announcement of the Company dated 21 September 2015. Terms used hereinafter shall have the same meaning as defined in the above announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listing shares during the years ended 31 December 2025.

PRE-EMPTIVE RIGHTS

There is no provision 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.

BANK LOANS AND OVERDRAFTS

Particulars of bank loans and other borrowings of the Group as at 31 December 2025 are set out in notes 25 and 26 to the consolidated financial statements.

CONTINGENT LIABILITIES

As at 31 December 2025, the Company has no material contingent liabilities.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 115 to 116 of the annual report.

REPORT OF THE DIRECTORS

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board of Directors and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavours to comply with the laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction.

RETIREMENT SCHEMES

As from 1 December 2000, the Group operates a mandatory provident fund scheme (the “**MPF Scheme**”), managed by an independent approved MPF trustee, under the requirements of the Mandatory Provident Fund Schemes Ordinance (Cap. 485, Laws of Hong Kong) for employees employed under the jurisdiction of the Employment Ordinance (Cap. 57, Laws of Hong Kong).

The MPF Scheme is a defined contribution retirement scheme. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employee's relevant income, subject to a cap of monthly relevant income of HK\$30,000.

The employees in the Group's PRC subsidiaries are members of the state-managed retirement schemes. The PRC subsidiaries are required to contribute a specified percentage of their payroll to these schemes. The only obligation of the Group with respect to these retirement schemes is to make the specified contributions.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) for the benefit of the Directors of the Company is currently in force and was in force throughout the financial year ended 31 December 2025.

REPORT OF THE DIRECTORS

BUSINESS REVIEW

OVERVIEW

The business review of the Group as at 31 December 2025 is set out under the section headed “Chairman’s Statement” and “Management Discussion and Analysis” of this annual report on pages 3 to 7.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group’s financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group’s businesses. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

MARKET RISK

Market risk is the risk that deteriorates profitability or affects ability to meet business objectives arising from the movement in market prices. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

LIQUIDITY RISK

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group monitors cash flows and maintains an adequate level of cash and cash equivalent to ensure the ability to finance the Group’s operations and reduce the effects of fluctuation in cash flows.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels.

Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. The management will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

REPORT OF THE DIRECTORS

CONFIRMATION OF INDEPENDENCE

The Company received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules as at the date of this annual report.

EVENT AFTER THE REPORTING PERIOD

References are made to the Company's announcements dated (i) 16 May 2018 in relation to the proposed issue of the 8% 3-year convertible bonds due 2021 in the aggregate principal amount of US\$7,000,000 (the "**Convertible Bonds due 2021**"); (ii) 19 June 2018 in relation to the completion of subscription of the Convertible Bonds due 2021; (iii) 12 April 2019 in relation to the invalidity of the issuance of the Convertible Bonds due 2021; and (iv) 1 April 2026 in relation to the judgement on the validity of the Convertible Bonds due 2021. Unless otherwise defined, capitalised terms used hereinafter shall have the same meanings as used in the Announcements.

As disclosed in the Company's announcement dated 1 April 2026, the Company received from the its lawyer a judgement (the "**Judgement**") made by the High Court of Hong Kong which granted a declaration that the Subscription Agreement, the Convertible Bonds due 2021, the terms and conditions of the Convertible Bonds due 2021 and the Side Letter Agreement are valid and enforceable.

CHRONOLOGY OF THE KEY EVENTS IN RELATION TO THE ISSUE OF THE CONVERTIBLE BONDS DUE 2021

On 16 May 2018, the Company and Sure Fast Enterprises Limited ("**Sure Fast**" or the "**Subscriber**") entered into the Subscription Agreement pursuant to which, the Company agreed to issue, and Sure Fast agreed to subscribe for, the Convertible Bonds due 2021 in the aggregate principal amount of US\$7,000,000. The Conditions Precedent include (but not limited to) that, on or before the Completion Date, the Subscriber and Company shall have set up an escrow account with a bank licensed with the Hong Kong Monetary Authority to receive the proceeds of the Convertible Bonds due 2021 and such escrow account shall be operated and maintained to secure the proceeds be applied for the intended purposes. Pursuant to the Subscription Agreement, the Company intended to use the net proceeds from the issue of the Convertible Bonds due 2021 as general working capital of the Group as follows: (a) as to US\$1,500,000, towards the initial working capital for Pacific Fertility Institutes (Singapore) Pte. Ltd. ("**PFI Singapore**"); (b) as to US\$3,000,000, towards the initial working capital for 北京醫諾婦兒醫院 (Beijing INNOMED Women's and Children's Hospital#); and (c) as to the remaining US\$2,500,000, towards future medical investment projects related to fertility medical treatment services. For more information of the Subscription Agreement, please refer to the Company's announcement dated 16 May 2018.

The company name in English is not the official name but a translation for reference only.

REPORT OF THE DIRECTORS

On 13 June 2018, Xu Xiaoyang (“**Mr. XX**”), the then CEO and then a executive Director of the Company, signed a confirmation letter (the “**Confirmation Letter**”) purportedly on behalf of the Company to Sure Fast. The Confirmation Letter stated that, the Company purportedly entrusted 北京醫諾北方醫療技術服務有限公司 (Beijing INNOMED North Medical Technology Service Co., Limited[#], “**Beijing Innomed**”) to receive a sum equivalent to US\$5.5 million of the bond consideration in RMB currency on behalf of the Company, and the remaining US\$1.5 million of the bond consideration would be paid into the USD account held by PFI Singapore in Singapore.

On 15 June 2018, the Side Letter Agreement was signed by Mr. XX, purportedly for and on behalf of the Company, with Sure Fast pursuant to which the Company purportedly agreed with Sure Fast that, i) a sum US\$1.5 million be paid by Sure Fast directly to the bank account designated by PFI Singapore; and ii) a sum in RMB equivalent to US\$5.5 million be paid by a third party PRC company (the “**Designated Payers**”) on behalf of Sure Fast directly to a bank account (the “**Jointly Controlled Account**”) opened by Beijing Innomed and jointly controlled by Sure Fast and Beijing Innomed.

However, neither the Confirmation Letter nor the Side Letter Agreement had ever been submitted to the Board for discussion and approval. Therefore, other than Mr. XX, no other Directors of the Company had any knowledge about the Confirmation Letter or the Side Letter Agreement until they were discovered by the Board in early 2019.

On 19 June 2018, Sure Fast paid US\$1.5 million to PFI Singapore’s bank account in Singapore, and the Designated Payer paid approximately RMB35.4 million to the Jointly Controlled Account. On the same date, the Company issued the bond certificate for the Convertible Bonds due 2021 and announced the completion of subscription of the Convertible Bonds due 2021.

The company name in English is not the official name but a translation for reference only.

REPORT OF THE DIRECTORS

ACCOUNTING TREATMENT OF THE CONVERTIBLE BONDS DUE 2021 IN LIGHT OF THE JUDGEMENT

As advised by the Company's lawyer, the terms of the Subscription Agreement and the Convertible Bonds due 2021 should be regarded as effective to the full force and effect based on the Judgement. But since the conversion period has already been expired on 19 June 2021, the bondholder, i.e. Sure Fast, currently only has the right to require the Company to redeem the Convertible Bonds due 2021 and to pay interests according to the terms of the convertible bonds. The Board has agreed with the Company's auditor that it is appropriate to recognise the full amount of outstanding principal and interest of the Convertible Bonds due 2021 in aggregate as a debt upon receiving the Judgement, while the amount due to the Designated Payer should be derecognised. Such adjustment qualified for a prior year adjustment, which would affect the liabilities, the accumulated losses, the foreign currency exchange reserve and finance cost in the Group's consolidated financial statements for the year ended 31 December 2025. The Company is working with the auditors to quantify such prior year adjustment and shall include the impact of such prior year adjustment in the 2026 interim results announcement. Based on the preliminary calculation of the prior year adjustment which is currently being reviewed by the Company's auditors, the Judgment would result to an increase of about 10% in liabilities of the Company's consolidated financial statements as at 31 December 2025 and a 10-15% increase in the loss attributable to owners of the Company for the year ended 31 December 2025.

ACTION PLANS OF THE COMPANY

Considering the current financial condition of the Group, especially the lack of working capital, after taking advice from the Company's lawyer, the Board is of the view that, for the best interest of the Company and its shareholders, the Company should do everything possible to reach a debt restructuring solution with the counterparty instead of submitting an appeal against the Judgement. As a start, the Company's lawyer has sent a letter to the lawyer of Sure Fast pursuing a meeting with Sure Fast. Sure Fast's lawyer responded to the Company that they would prefer a written proposal from the Company before Sure Fast responds to our meeting request. Our directors are currently working with different financiers to come out with a debt restructuring plan to Sure Fast and all other major creditors of the Group.

Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules to keep its shareholders and potential investors informed of the material development in the matters above.

AUDITOR

ZHONGHUI ANDA CPA Limited ("ZHONGHUI") was appointed as auditors of the Company on 6 January 2017 to fill the vacancy following the resignation of RSM Hong Kong. There were no changes in the Company's auditor since then.

ZHONGHUI will retire and being eligible, offer themselves for reappointment. A resolution for the re-appointment of ZHONGHUI as auditor of the Company is to be proposed at the forthcoming general meeting.

By order of the Board
Mr. Xu Jingping
Chairman

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF China Environmental Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Environmental Technology Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 46 to 114, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR DISCLAIMER OF OPINION

Scope limitation relating to the assessment on the appropriateness of the going concern basis of preparing the consolidated financial statements

As discussed in note 2 to the consolidated financial statements regarding the adoption of the going concern basis on which the consolidated financial statements have been prepared, the Group incurred a loss attributable to owners of the Company of approximately HK\$52,398,000 for the year ended 31 December 2025, and as at 31 December 2025, the Group had net current liabilities of approximately HK\$451,737,000 and net liabilities of approximately HK\$633,640,000. As at 31 December 2025, the Group’s bank loans, entrusted loans, other loans, bonds, and trade and other payables amounted to an aggregate of approximately HK\$474,711,000, which were repayable within one year or on demand. Among these, as at 31 December 2025, the Group’s overdue entrusted loans, other loans and bonds amounted to approximately HK\$50,782,000, HK\$3,092,000 and HK\$3,000,000, respectively, with corresponding interest of approximately HK\$33,720,000, HK\$2,201,000 and HK\$1,416,000, respectively.

INDEPENDENT AUDITOR'S REPORT

BASIS FOR DISCLAIMER OF OPINION (Continued)

Scope limitation relating to the assessment on the appropriateness of the going concern basis of preparing the consolidated financial statements (Continued)

In addition, the holder of the entrusted loans (as defined in note 25 to the consolidated financial statements), an independent third party, initiated arbitration proceedings against Shenzhen CETH Environmental Technology Co. Limited ("SZ CETH") through the Shenzhen Intermediate People's Court of Guangdong Province (the "Court"), demanding settlement of the outstanding principal and accrued interest. The independent third party holder of the entrusted loans filed an application, and the Court issued a judgment. Pursuant to the judgment, SZ CETH is required to pay the outstanding principal totaling approximately RMB45,992,000 (equivalent to approximately HK\$50,782,000) as at 31 December 2025, together with interest calculated at an annual interest rate of 12% from 20 June 2020 until the date of full repayment of the principal. The Company assumed joint and several liability for the debts of SZ CETH as confirmed in the above judgment.

However, the Group maintained bank and cash balances of approximately HK\$1,687,000 as at 31 December 2025 only.

In view of the above circumstances, the directors of the Company (the "Directors") have been undertaking a number of plans and measures to mitigate the liquidity pressure and improve its financial position, details of which are set out in note 2 to the consolidated financial statements. To assess the appropriateness of the going concern basis, the management of the Group prepared a cash flow forecast ("**Cash Flow Forecast**"), which takes into account the effects of the success in implementing and completing the aforesaid plans and measures as scheduled, notwithstanding the inherent uncertainties associated with the outcome of these plans and measures. In particular, the positive outcome of the Cash Flow Forecast is dependent upon the following key assumptions: (a) the liquidity, value stability and timeliness of the director's personal assets for the Group's use when needed; (b) the active expansion of its presence in the energy management and wastewater treatment markets and the ability to increase revenue from its principal operations; (c) the successful procurement of sufficient funds through alternative refinancing and borrowings; (d) the continued deferral of payments in respect of settled litigation cases; and (e) the implementation of debt and group restructuring for certain capital-deficient subsidiaries of the Group, where necessary, to reduce the level of liabilities. Based on the result of the Cash Flow Forecast, the Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the foreseeable future and therefore, the Group has the ability to continue as a going concern and will continue its operations for at least 12 months from 31 December 2025. Accordingly, the Directors are of the view that it is appropriate to prepare the consolidated financial statements on a going concern basis.

In respect of the liquidity, value stability, and timeliness of the director's personal assets for the Group's use when needed, we were unable to obtain sufficient appropriate audit evidence to verify the speed of realisation, the extent to which their value is affected by market fluctuations, or whether the realisation process could be completed in a timely manner to meet the Group's projected funding requirements.

In respect of the Group's initiatives to actively expand its presence in the energy management and wastewater treatment markets and to strive for increased revenue from its principal operations, we were unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the assumptions underlying the forecasted revenue, given the prevailing market conditions and the inherent uncertainties associated with forecasting revenue from these newly developed business segments.

INDEPENDENT AUDITOR'S REPORT

BASIS FOR DISCLAIMER OF OPINION (Continued)

Scope limitation relating to the assessment on the appropriateness of the going concern basis of preparing the consolidated financial statements (Continued)

In respect of acquisition of sufficient funds through other alternative financing and borrowings, as of the date of this report, we have not been provided with the financing agreements in respect of the new financing. Accordingly, we were unable to obtain sufficient appropriate audit evidence that we considered necessary to evaluate the Group's ability to obtain new funds.

In respect of the continued deferral of payments in respect of settled litigation cases, we were unable to obtain sufficient appropriate audit evidence to conclude that the Group will be able to successfully negotiate deferrals of payments, as there were no formal agreements with the counterparties regarding such deferrals as at the date of this report.

In respect of the implementation of debt and group restructuring for certain capital-deficient subsidiaries, as at the date of this report, the Group has not yet formulated a detailed restructuring plan, and no formal agreements have been entered into with relevant parties. Accordingly, we were unable to obtain sufficient appropriate audit evidence to conclude that such restructuring can be successfully implemented.

In view of the above scope limitation, there were no other alternative procedures that we could perform to satisfy ourselves that the Group would be able to implement its plans and measures, as a result, we were unable to obtain sufficient appropriate evidence we considered necessary to conclude whether the use of the going concern basis of accounting to prepare the consolidated financial statements is appropriate.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable 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.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. However, because of the significance of the material uncertainties relating to the going concern basis described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Li Shun Fai

Audit Engagement Director

Practising Certificate Number P05498

Hong Kong, 31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

| | Notes | 2025 HK\$'000 | 2024 HK\$'000 |
|--|-------|------------------|------------------|
| Revenue | 7 | 30,693 | 28,229 |
| Cost of sales | | (21,533) | (20,445) |
| Gross profit | | 9,160 | 7,784 |
| Other income | 8 | 7 | 1,286 |
| Other (loss)/gain, net | 9 | (8,682) | 13,890 |
| Distribution costs | | (673) | (897) |
| Reversal of impairment loss on various assets | 13 | 312 | 505 |
| Administrative expenses | | (30,318) | (29,346) |
| Loss from operations | | (30,194) | (6,778) |
| Finance costs | 11 | (24,196) | (25,992) |
| Loss before tax | 13 | (54,390) | (32,770) |
| Income tax expense | 12 | - | - |
| Loss for the year | | (54,390) | (32,770) |
| Other comprehensive (expenses)/income for the year, net of tax: | | | |
| <i>Items that may be reclassified to profit or loss:</i> | | | |
| Exchange differences on translation of financial statements of foreign operations | | (9,614) | 6,821 |
| | | (9,614) | 6,821 |
| Total comprehensive expenses for the year | | (64,004) | (25,949) |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

| | Notes | 2025 HK\$'000 | 2024 HK\$'000 |
|---|-------|------------------|------------------|
| Loss for the year attributable to: | | | |
| Owners of the Company | | (52,398) | (30,741) |
| Non-controlling interests | | (1,992) | (2,029) |
| | | (54,390) | (32,770) |
| Total comprehensive expenses for the year attributable to: | | | |
| Owners of the Company | | (61,732) | (23,810) |
| Non-controlling interests | | (2,272) | (2,139) |
| | | (64,004) | (25,949) |
| Loss per share | | | |
| | 16 | | |
| - Basic (HK cent per share) | | (15.29) | (11.01) |
| - Diluted (HK cent per share) | | (15.29) | (11.01) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

| | Notes | 2025 HK\$'000 | 2024 HK\$'000 |
|--|-------|------------------|------------------|
| Non-current assets | | | |
| Property, plant and equipment | 17 | 778 | 790 |
| Right-of-use assets | 18 | 440 | 1,243 |
| Intangible assets | 19 | 601 | 652 |
| Interests in an associate | 20 | – | – |
| | | 1,819 | 2,685 |
| Current assets | | | |
| Trade and other receivables | 21 | 22,889 | 23,439 |
| Contract assets and contract costs | 22 | 8,247 | 10,211 |
| Bank and cash balances | 23 | 1,687 | 892 |
| | | 32,823 | 34,542 |
| Current liabilities | | | |
| Trade and other payables | 24 | 386,987 | 357,612 |
| Contract liabilities | 22 | 9,430 | 11,572 |
| Borrowings | 25 | 87,724 | 81,286 |
| Lease liabilities | 27 | 419 | 786 |
| | | 484,560 | 451,256 |
| Net current liabilities | | (451,737) | (416,714) |
| Total assets less current liabilities | | (449,918) | (414,029) |
| Non-current liabilities | | | |
| Trade and other payables | 24 | 96,261 | 78,068 |
| Borrowings | 25 | 75,649 | 69,642 |
| Convertible bonds | 26 | 11,776 | 10,738 |
| Lease liabilities | 27 | 36 | 471 |
| | | 183,722 | 158,919 |
| NET LIABILITIES | | (633,640) | (572,948) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

| | Notes | 2025 HK\$'000 | 2024 HK\$'000 |
|--|-------|------------------|------------------|
| Capital and reserves | | | |
| Share capital | 28 | 171,349 | 171,349 |
| Reserves | 30 | (809,259) | (747,527) |
| Equity attributable to owners of the Company | | (637,910) | (576,178) |
| Non-controlling interests | | 4,270 | 3,230 |
| TOTAL DEFICIT | | (633,640) | (572,948) |

The consolidated financial statements on pages 46 to 114 were approved and authorised for issue by the Board of Directors on 31 March 2026 and are signed on its behalf by:

Mr. Xu Jingping
Director

Mr. Yang Baodong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

| | Attributable to owners of the Company | | | | | | | | | | |
|---|---------------------------------------|---------------|---------------------|--------------------------------------|-----------------------------|---------------|---------------------------|--------------------|-----------|---------------------------|----------------|
| | Share capital | Share premium | Contributed surplus | Foreign currency translation reserve | Share-based payment reserve | Other reserve | Convertible bonds reserve | Accumulated losses | Sub-total | Non-controlling interests | Deficit equity |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 January 2024 | 102,849 | 370,453 | (180) | 19,312 | 2,280 | 7,442 | 19,307 | (1,138,457) | (616,994) | 5,369 | (611,625) |
| Loss for the year | - | - | - | - | - | - | - | (30,741) | (30,741) | (2,029) | (32,770) |
| Other comprehensive income/(expenses) for the year: | | | | | | | | | | | |
| - Exchange differences on translation of foreign operations | - | - | - | 6,931 | - | - | - | - | 6,931 | (110) | 6,821 |
| Total comprehensive income/(expenses) for the year | - | - | - | 6,931 | - | - | - | (30,741) | (23,810) | (2,139) | (25,949) |
| Issue of share on subscription for settlement of loans | 14,500 | (7,540) | - | - | - | - | - | - | 6,960 | - | 6,960 |
| Exercise convertible bond | 54,000 | 18,547 | - | - | - | - | (15,997) | - | 56,550 | - | 56,550 |
| Modification of convertible bonds | - | - | - | - | - | - | (2,194) | 3,310 | 1,116 | - | 1,116 |
| Effect of forfeiture of share option granted | - | - | - | - | (5) | - | - | 5 | - | - | - |
| At 31 December 2024 | 171,349 | 381,460 | (180) | 26,243 | 2,275 | 7,442 | 1,116 | (1,165,883) | (576,178) | 3,230 | (572,948) |
| At 1 January 2025 | 171,349 | 381,460 | (180) | 26,243 | 2,275 | 7,442 | 1,116 | (1,165,883) | (576,178) | 3,230 | (572,948) |
| Loss for the year | - | - | - | - | - | - | - | (52,398) | (52,398) | (1,992) | (54,390) |
| Other comprehensive expenses for the year: | | | | | | | | | | | |
| - Exchange differences on translation of foreign operations | - | - | - | (9,334) | - | - | - | - | (9,334) | (280) | (9,614) |
| Total comprehensive expenses for the year | - | - | - | (9,334) | - | - | - | (52,398) | (61,732) | (2,272) | (64,004) |
| Capital contribution by non-controlling shareholder of a subsidiary | - | - | - | - | - | - | - | - | - | 3,312 | 3,312 |
| At 31 December 2025 | 171,349 | 381,460 | (180) | 16,909 | 2,275 | 7,442 | 1,116 | (1,218,281) | (637,910) | 4,270 | (633,640) |

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before tax | (54,390) | (32,770) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment and right-of-use assets | 453 | 642 |
| Amortisation of intangible assets | 75 | 75 |
| Reversal of impairment on trade receivables | (312) | (505) |
| Interest expenses | 24,196 | 25,992 |
| Interest income | (1) | (2) |
| Exchange difference | 8,242 | (6,449) |
| Gain on loan settlement | – | (7,540) |
| Gain on termination of lease | (11) | – |
| Loss due to modification of convertible bonds | – | 99 |
| Waiver of trade and other payables | – | (1,230) |
| Operating cash flows before working capital changes | (21,748) | (21,688) |
| Change in contract assets and contract costs | 1,538 | 5,767 |
| Change in trade and other receivables | 862 | (1,672) |
| Change in contract liabilities | (2,142) | (2,995) |
| Change in trade and other payables | 15,967 | 12,305 |
| Net cash used in operating activities | (5,523) | (8,283) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payment for purchase of property, plant and equipment | (33) | (242) |
| Interest income received | 1 | 2 |
| Net cash used in investing activities | (32) | (240) |

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--|------------------|------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of borrowings | (14,171) | (15,546) |
| Interest paid | (3,779) | (653) |
| Repayment of lease liabilities and interest | (390) | (602) |
| Proceeds from new borrowings | 23,203 | 24,898 |
| Proceeds from capital contribution by non-controlling shareholder of a subsidiary | 3,312 | – |
| Net cash generated from financing activities | 8,175 | 8,097 |
| Net increase/(decrease) in cash and cash equivalents | | |
| Effect of change in foreign exchange rate | (1,825) | (743) |
| Cash and cash equivalents at beginning of year | 892 | 2,061 |
| Cash and cash equivalents at end of year | 1,687 | 892 |
| ANALYSIS OF CASH AND CASH EQUIVALENTS | | |
| Bank and cash balances | 1,687 | 892 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

China Environmental Technology Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands on 31 August 2001 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office and principal place of business of the Company are located at Vistra (Cayman) Limited, P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands and Unit 901, New Tech Plaza, 34 Tai Yau Street, San Po Kong, Kowloon, Hong Kong respectively.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are described in note 34 to the consolidated financial statements.

At 31 December 2025, the directors of the Company (the “Directors”) consider the direct parent of the Company to be Gentle International Holdings Limited, which is incorporated in the British Virgin Islands; and the ultimate parent of the Company to be Classy Jade Limited, which is incorporated in the Republic of Seychelles and controlled by Mr. Xu Zhongping (“Mr. Xu”), the executive Director of the Company. The direct and ultimate parent company do not produce consolidated financial statements available for public use.

2. BASIS OF PREPARATION

Going Concern

The Group incurred a loss attributable to owners of the Company of approximately HK\$52,398,000 for the year ended 31 December 2025 and the Group had net current liabilities and net liabilities of approximately HK\$451,737,000 and approximately HK\$633,640,000 respectively as at 31 December 2025. As at 31 December 2025, the Group’s bank loans, entrusted loans, other loans, bonds, and trade and other payables amounted to an aggregate of approximately HK \$474,711,000, which were repayable within one year or on demand. Among these, as at 31 December 2025, the Group’s overdue entrusted loans, other loans and bonds amounted to approximately HK\$50,782,000, HK\$3,092,000 and HK\$3,000,000, respectively, with corresponding interest of approximately HK\$33,720,000, HK\$2,201,000 and HK\$1,416,000, respectively. While the Group’s cash and cash equivalents amounted to approximately HK\$1,687,000.

In addition, the holder of the entrusted loans (as defined in note 25) initiated arbitration proceedings against SZ CETH through the Court. On 21 July 2025, the Court issued a judgment ordering SZ CETH to repay the outstanding principal of approximately RMB45,992,000 (equivalent to approximately HK\$50,782,000) together with interest accrued from 20 June 2020 at an annual rate of 12% until full repayment. The Company was held jointly and severally liable for the debt as guarantor.

All of the above events and conditions indicated the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. BASIS OF PREPARATION (Continued)

Going Concern (Continued)

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least 12 months from 31 December 2025, taking into account the following plans and measures:

- (a) an investor (“Investor”) executed a letter agreed to extend the maturity date of other loan principal of HK\$800,000 under a loan agreement executed on 27 March 2019 to 30 September 2027 and not to demand for repayment for other loan principal of HK\$800,000 and the accrued interest of approximately HK\$568,000 as at 31 December 2025 before July 2027, and all interests accrued from this other loan are to be repaid on the new maturity date or if such date is not a business day, the next business day;

the Investor also agreed to extend the maturity date of other loan principal of approximately HK\$19,158,000 executed on 23 September 2019 to 31 December 2027 and not to demand for repayment for other loan principal of approximately HK\$19,158,000 and the accrued interest of approximately HK\$13,293,000 as at 31 December 2025 before July 2027, and all interests accrued from this other loan are to be repaid on the new maturity date or if such date is not a business day, the next business day;

the Investor also agreed to extend the maturity date of other loan principal of approximately HK\$10,091,000 executed on 25 January 2021 to 31 December 2027 and not to demand for repayment for other loan principal of approximately HK\$10,091,000 and the accrued interest of approximately HK\$8,039,000 as at 31 December 2025 before July 2027, and all interests accrued from this other loan are to be repaid on the new maturity date or if such date is not a business day, the next business day;

the Investor also agreed to extend the maturity date of other loan principal of approximately HK\$40,000,000 executed on 27 March 2019 to 27 September 2027 and not to demand for repayment for other loan principal of approximately HK\$40,000,000 and the accrued interest of approximately HK\$45,234,000 as at 31 December 2025 before July 2027, and all interests accrued from this other loan are to be repaid on the new maturity date or if such date is not a business day, the next business day;

the Investor also agreed not to demand for repayment for a car rental fee of approximately RMB200,000 (approximately HK\$221,000) before July 2027;

the Investor also agreed not to demand for repayment for the interest of approximately HK\$11,997,000 before July 2027 related to the 8% 3-year convertible bonds which the Investor had converted to shares of the Company during the year ended 31 December 2024;

the Investor also agreed not to demand for repayment for working capital of approximately RMB2,070,000 (approximately HK\$2,286,000) lent to the Group by certain companies controlled by the Investor and approximately HK\$1,347,000 lent to the Group by the Investor before July 2027;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. BASIS OF PREPARATION (Continued)

Going Concern (Continued)

- (b) Classy Jade Limited agreed not to demand for repayment for the interest of approximately HK\$2,269,000 before July 2027 related to the 8% 3-year convertible bonds which Classy Jade Limited had converted to shares of the Company during the year ended 31 December 2024;
- (c) The executive Director agreed not to demand for repayment for working capital of approximately RMB10,065,000 (approximately HK\$11,113,000) lent to the Group before July 2027;

The executive Director also agreed not to demand repayment of the other loan principal of approximately RMB4,600,000 (approximately HK\$5,079,000) and any accrued interest (which was nil as at 31 December 2025) before July 2027.

- (d) Mr. Xu, an executive Director of the Company, confirmed to provide adequate financial support to the Group in an amount not less than HK\$130,000,000, drawn from his personal assets which are liquid, stable in value, and timely accessible, to ensure the Group's continuing operation for a period of at least fifteen months from 31 March 2026.
- (e) The Directors is also undertaking the following plans and measures to improve the Group's liquidity and financial position:
 - making every effort to expend the Group's presence in the energy management and wastewater treatment markets and the ability to increase revenue from its principal operations;
 - continuing to procure sufficient funds through alternative refinancing and borrowings;
 - negotiating with the counterparties on deferral of payments in respect of settled litigation cases; and
 - considering debt and group restructuring for certain capital-deficient subsidiaries of the Group, where necessary, to reduce the level of liabilities.

The directors of the Company have reviewed the Group's cash flow projections, which covers a period of not less than 12 months from 31 December 2025. The directors of the Company are of the opinion that, considering the anticipated cash inflows to be generated from the Group's operations taking into account reasonably possible changes in operation performance, its cost control measures, as well as the above-mentioned plans and measures, the Group will be able to meet its financial obligations as and when they fall due within twelve months from 31 December 2025. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. BASIS OF PREPARATION (Continued)

Going Concern (Continued)

Notwithstanding the above, 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 following:

- (a) the liquidity, value stability and timeliness of the Director's personal assets for the Group's use when needed;
- (b) the active expansion of its presence in the energy management and wastewater treatment markets and the ability to increase revenue from its principal operations;
- (c) the successful procurement of sufficient funds through alternative refinancing and borrowings;
- (d) the continued deferral of payments in respect of settled litigation cases; and
- (e) the implementation of debt and group restructuring for certain capital-deficient subsidiaries of the Group, where necessary, to reduce the level of liabilities.

Should the Group fail 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 recoverable amounts, to provide for 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 these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group is in the process of making an assessment on the impact of these new standards and amendments to standards and preliminary results shows that their application is not expected to have material impact on the financial performance and the financial position of the Group except for the adoption of HKFRS 18 as mentioned below.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the Directors to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to the consolidated financial statements, are further disclosed in note 5 to the consolidated financial statements.

The material accounting policies applied in the preparation of the consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity’s returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company’s share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Consolidation (Continued)

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive expenses for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Associates (Continued)

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities 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, which is the Company's functional and presentation currency.

b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currency translation (Continued)

c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in consolidated profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

| | |
|-----------------------------------|-------------|
| Machinery | 5 years |
| Furniture, fixtures and equipment | 5 years |
| Motor vehicles | 3 – 5 years |

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in consolidated profit or loss.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

| | |
|--------------------|-----------|
| Land and buildings | 2-3 years |
|--------------------|-----------|

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in consolidated profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$ 5,000.

Intangible assets

a) Patent

Purchased patent which has a finite useful life is stated at cost less accumulated amortisation and any accumulated impairment losses. The cost of patent acquired in a business combination is its fair value as at the date of acquisition. Amortisation is calculated on a straight-line basis over the remaining useful life of approximately 8 years from the date of acquisition to 16 October 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

b) Club membership

Club membership which has a finite useful life is stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight-line over its useful life of 23 years.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified at financial assets at amortised cost.

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost and contract assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument (“lifetime expected credit losses”) for trade receivables and contract assets, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables and contract assets) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Convertible loans

Convertible loans which entitle the holder to convert the loans into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consist of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The fair value of any derivative features embedded in the compound instruments is included in the liability component. The difference between the proceeds of issue of the convertible loans and the fair values assigned to the liability component, representing the embedded option for the holder to convert the loans into equity of the Group, is included in equity as capital reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative components are measured at fair value with gains and losses recognised in profit or loss.

If the identifiable consideration received by the Group appears to be less than the fair value of the convertible loans issued, the Group measures the unidentifiable services received (to be received) as the difference between the fair value of the convertible loans issued and that of the identifiable consideration received, and the difference is recognised in profit or loss.

Transaction costs are apportioned between the liability and equity components of the convertible loans based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

Borrowing

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Other financial liabilities

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other revenue

Interest income is recognised using the effective interest method.

Employee benefits

a) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;
- (vi) The entity is controlled or jointly controlled by a person identified in (A);
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in consolidated profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Going concern basis

These consolidated financial statements have been prepared on a going concern basis. Details are explained in note 2 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

a) *Impairment loss for bad and doubtful debts*

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables and contract assets, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and contract assets and doubtful debt expenses in the year in which such estimate has been changed.

b) *Income taxes*

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

c) *Allowance for contract costs*

Allowance for contract costs is made based on the ageing and estimated net realisable value of contract costs. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of contract costs and allowance charge/write-back in the period in which such estimate has been changed.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) *Foreign currency risk*

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

a) Foreign currency risk (Continued)

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

b) Credit risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 31 December 2025 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade and other receivables, contract assets, and bank and cash balances. In order to minimise credit risk, the Directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the Directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. The credit risk on bank and cash balances are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

- internal credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the customer;
- significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

b) Credit risk (Continued)

Financial assets are written off when there is no reasonable expectation of recovery, such as a customer failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses two categories for non-trade receivables which reflect their credit risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

| Category | Definition | Loss provision |
|----------------|--|--------------------------|
| Performing | Low risk of default and strong capacity to pay | 12 month expected losses |
| Non-performing | Significant increase in credit risk | Lifetime expected losses |

c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group's financial liabilities is as follows:

| | Within 1 year or on demand HK\$'000 | More than 1 year but less than 2 years HK\$'000 | More than 2 years but less than 5 years HK\$'000 | Total contractual undiscounted cash flows HK\$'000 | Carrying amount HK\$'000 |
|----------------------------|--|---|--|--|--------------------------------|
| At 31 December 2025 | | | | | |
| Trade and other payables | 375,614 | 93,968 | 2,293 | 471,875 | 471,875 |
| Other loans | 10,931 | 101,914 | 532 | 113,377 | 84,489 |
| Bonds | 3,240 | – | – | 3,240 | 3,000 |
| Entrusted loan | 56,978 | – | – | 56,978 | 50,782 |
| Bank loans | 25,835 | – | – | 25,835 | 25,102 |
| Convertible bonds | 818 | 12,850 | – | 13,668 | 11,776 |
| Lease liabilities | 425 | 37 | – | 462 | 455 |
| | 473,841 | 208,769 | 2,825 | 685,435 | 647,479 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

c) Liquidity risk (Continued)

| At 31 December 2024 | Within 1 year or on demand HK\$'000 | More than 1 year but less than 2 years HK\$'000 | More than 2 years but less than 5 years HK\$'000 | Total contractual undiscounted cash flows HK\$'000 | Carrying amount HK\$'000 |
|--------------------------|--|---|--|--|--------------------------------|
| Trade and other payables | 345,574 | 75,799 | 2,269 | 423,642 | 423,642 |
| Other loans | 5,912 | 88,804 | – | 94,716 | 74,960 |
| Bonds | 3,240 | – | – | 3,240 | 3,000 |
| Entrusted loan | 54,884 | – | – | 54,884 | 48,916 |
| Bank loan | 24,697 | – | – | 24,697 | 24,052 |
| Convertible bonds | 70 | 12,102 | – | 12,172 | 10,738 |
| Lease liabilities | 828 | 444 | 35 | 1,307 | 1,257 |
| | 435,205 | 177,184 | 2,269 | 614,658 | 586,565 |

d) Interest rate risk

The Group's exposure to fair value interest rate risk arises primarily from the Group's interest-bearing borrowings and convertible bonds which carry interest at fixed rates.

The Group has no significant interest-bearing assets and liabilities at floating rate. The Group's operating cash flows are substantially independent of changes in market interest rates.

e) Categories of financial instruments at 31 December

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|------------------|------------------|
| Financial assets: | | |
| Financial assets at amortised cost (including cash and cash equivalents) | 22,043 | 20,028 |
| Financial liabilities: | | |
| Financial liabilities at amortised cost | 647,479 | 586,565 |

f) Fair value

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. REVENUE

The Group's revenue is as follows:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--|------------------|------------------|
| Sales of complete sets of equipment | 22,371 | 27,000 |
| Sales of wastewater treatment consumables, equipment accessories, and related services | 5,078 | 410 |
| Power technical service | 3,244 | 819 |
| | 30,693 | 28,229 |

8. OTHER INCOME

| | 2025 HK\$'000 | 2024 HK\$'000 |
|------------------------------------|------------------|------------------|
| Interest income on bank deposits | 1 | 2 |
| Waiver of trade and other payables | – | 1,230 |
| Others | 6 | 54 |
| | 7 | 1,286 |

9. OTHER (LOSS)/GAIN, NET

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|------------------|------------------|
| (Loss)/gain on foreign exchange difference | (8,242) | 6,449 |
| Gain on loan settlement (Note 28(a)) | – | 7,540 |
| Loss due to modification of convertible bonds | – | (99) |
| Gain on termination of lease | 11 | – |
| Penalties for late payment of taxes | (451) | – |
| | (8,682) | 13,890 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. SEGMENT INFORMATION

The Group manages its business by divisions which are organised from the products/services perspective.

Operating segments are identified on the basis of internal reports which provide information about components of the Group. These information are reported to and reviewed by the executive Directors, being the chief operating decision-maker ("CODM") for the purposes of resources allocation and performance assessment. The Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments:

i. Wastewater treatment

This segment engages in the provision of wastewater treatment plants construction and operation services, as well as the trading of wastewater treatment facilities and machineries and the provision for related services.

ii. Healthcare

This segment engages in the provision of healthcare services.

iii. Energy management

This segment engages in the provision of services relating to electricity trading and power system operation and management.

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

The accounting policies of the reportable segments follow the Group's accounting policies. Segment (loss)/profit represents the (loss)/profit from each segment without allocation of central administration costs such as directors' salaries and unallocated other income. This is the measure reported to the CODM for purposes of resources allocation and performance assessment. Income tax expenses is not allocated to reportable segments.

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 and amortisation of assets attributable to those segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

All assets are allocated to reportable segments other than unallocated cash and cash equivalents and corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

All liabilities are allocated to reportable segments, borrowings not attributable to individual segments and corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. SEGMENT INFORMATION (Continued)

(a) Disaggregation of revenue from contracts with customers:

Disaggregation of revenue from contracts with customers by major products or service and geographical location of customers is as follows:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|------------------|------------------|
| Disaggregated by major products or service | | |
| – Wastewater treatment | 27,449 | 27,410 |
| – Energy management | 3,244 | 819 |
| Revenue from contracts with customers | 30,693 | 28,229 |
| Disaggregated by geographical location of customers | | |
| – The PRC (except for Hong Kong) | 30,693 | 28,229 |
| Timing of revenue recognition under HKFRS 15 | | |
| – At a point in time | 27,888 | 27,410 |
| – Over time | 2,805 | 819 |
| | 30,693 | 28,229 |

Wastewater treatment

Revenue from wastewater treatment includes construction and operation services and equipment trading.

Wastewater treatment services are normally made with credit terms of 30 days. A receivable is recognised by reference to the progress towards complete satisfaction of that performance obligation as this is the over time.

For construction services and trading of wastewater treatment facilities and machineries and the provision for related services to the customers, the customers pay the contract prices to the Group according to the payment schedules as stipulated in the contracts. Sales are recognised when the acceptance is passed. If the service rendered by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the service rendered, a contract liability is recognised.

The contract price is allocated to the performance obligations based on the relative stand-alone selling prices of the performance obligations. The stand-alone selling prices are determined by applying the expected cost plus a margin approach.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. SEGMENT INFORMATION (Continued)

(a) Disaggregation of revenue from contracts with customers: (Continued)

Healthcare

Revenue from healthcare is recognised when the services are rendered.

Healthcare services are normally made with credit terms of 30 days. A receivable is recognised when the services are provide to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Energy management

Revenue from energy management is recognised when the services are rendered.

Energy management services are normally made with credit terms of 30 days. A receivable is recognised by reference to the progress towards complete satisfaction of that performance obligation as this is the over time.

(b) Information about reportable segment profit or loss, assets and liabilities:

| | Energy management HK\$'000 | Wastewater treatment HK\$'000 | Healthcare HK\$'000 | Subtotal HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
|---|----------------------------------|-------------------------------------|------------------------|----------------------|-------------------------|-------------------|
| For the year ended 31 December 2025 | | | | | | |
| Revenue from external customers | 3,244 | 27,449 | - | 30,693 | - | 30,693 |
| Segment loss | (8,163) | (13,778) | (8,210) | (30,151) | (24,239) | (54,390) |
| Interest income | - | 1 | - | 1 | - | 1 |
| Finance costs | 113 | 10,511 | - | 10,624 | 13,572 | 24,196 |
| Depreciation of property, plant and equipment and right-of-use assets, and amortisation | 127 | 223 | - | 350 | 178 | 528 |
| Reversal of impairment loss on trade receivables | - | (312) | - | (312) | - | (312) |
| As at 31 December 2025 | | | | | | |
| Reportable segment assets | 1,005 | 30,458 | 270 | 31,733 | 2,909 | 34,642 |
| Reportable segment liabilities | 10,713 | 211,731 | 228,551 | 450,995 | 217,287 | 668,282 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. SEGMENT INFORMATION (Continued)

(b) Information about reportable segment profit or loss, assets and liabilities: (Continued)

| | Energy management HK\$'000 | Wastewater treatment HK\$'000 | Healthcare HK\$'000 | Subtotal HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
|---|----------------------------------|-------------------------------------|------------------------|----------------------|-------------------------|-------------------|
| For the year ended 31 December 2024 | | | | | | |
| Revenue from customers | 819 | 27,410 | - | 28,229 | - | 28,229 |
| Segment (loss)/profit | (4,093) | (12,734) | 5,207 | (11,620) | (21,150) | (32,770) |
| Interest income | 1 | 1 | - | 2 | - | 2 |
| Finance costs | 28 | 7,776 | - | 7,804 | 18,188 | 25,992 |
| Depreciation of property, plant and equipment and right-of-use assets, and amortisation | 411 | 128 | - | 539 | 178 | 717 |
| Reversal of impairment loss on trade receivables | - | (505) | - | (505) | - | (505) |
| As at 31 December 2024 | | | | | | |
| Reportable segment assets | 2,784 | 33,001 | 323 | 36,108 | 1,119 | 37,227 |
| Reportable segment liabilities | 6,794 | 195,169 | 214,726 | 416,689 | 193,486 | 610,175 |

(c) Reconciliations of reportable segment profit or loss:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|------------------|------------------|
| Total loss of reportable segments | (30,151) | (11,620) |
| Unallocated depreciation of property, plant and equipment, right-of-use assets, and amortisation | (178) | (178) |
| Unallocated head office and corporate expenses | (24,061) | (20,972) |
| Consolidated loss after tax | (54,390) | (32,770) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. SEGMENT INFORMATION (Continued)

(d) Reconciliations of reportable segment assets and liabilities:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--|------------------|------------------|
| Assets | | |
| Total assets of reportable segments | 31,733 | 36,108 |
| Unallocated | | |
| – cash and cash equivalents | 13 | 76 |
| – corporate assets | 2,896 | 1,043 |
| Consolidated total assets | 34,642 | 37,227 |
| Liabilities | | |
| Total liabilities of reportable segments | 450,995 | 416,689 |
| Unallocated | | |
| – corporate liabilities | 217,287 | 193,486 |
| Consolidated total liabilities | 668,282 | 610,175 |

(e) Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below. The geographical location of customers refers to the location at which the services were provided or the goods delivered. The geographical location of property, plant and equipment is based on the physical location of the asset under consideration. In the case of the intangible assets and goodwill, it is based on the location of the operation to which they are allocated.

| | Revenue from external customers | | Non-current assets | |
|--------------------------------|------------------------------------|------------------|--------------------|------------------|
| | 2025 HK\$'000 | 2024 HK\$'000 | 2025 HK\$'000 | 2024 HK\$'000 |
| The PRC (except for Hong Kong) | 30,693 | 28,229 | 1,819 | 2,685 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. SEGMENT INFORMATION (Continued)

(f) Revenue from major customers

Revenue from customers contributing 10% or more of the total revenue of the Group are as follows:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|----------------------|------------------|------------------|
| Wastewater treatment | | |
| Customer A | 9,195 | N/A* |
| Customer B | 3,408 | N/A* |
| Customer C | N/A* | 4,611 |
| Customer D | N/A* | 4,611 |
| Customer E | N/A* | 4,611 |
| Customer F | N/A* | 4,583 |
| Customer G | N/A* | 3,718 |

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

11. FINANCE COSTS

| | 2025 HK\$'000 | 2024 HK\$'000 |
|-----------------------|------------------|------------------|
| Lease interests | 23 | 33 |
| Interest expenses on: | | |
| – Bank loans | 745 | 653 |
| – Entrusted loan | 6,069 | 6,091 |
| – Other loans | 16,011 | 13,427 |
| – Bonds | 240 | 240 |
| – Convertible bonds | 1,108 | 5,548 |
| Total borrowing costs | 24,196 | 25,992 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. INCOME TAX EXPENSE

Income tax has been recognised in consolidated profit or loss as following:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|------------------|------------------|
| Current tax – Corporate Income Tax in the PRC | | |
| Provision for the year | – | – |

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits arising in Hong Kong for the years ended 31 December 2025 and 2024. No provision for PRC Corporate Income Tax has been made since the Group did not generate any assessable profits in the PRC for the years ended 31 December 2025 and 2024.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the applicable tax rates is as follows:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--|------------------|------------------|
| Loss before tax | (54,390) | (32,770) |
| Notional tax on loss before tax, calculated at the rates applicable to losses in the tax jurisdictions concerned | (10,891) | (6,904) |
| Tax effect of | | |
| – non-deductible expenses | 10,293 | 8,451 |
| – non-taxable income | (1) | (2,300) |
| – temporary differences not recognised | 599 | 753 |
| Income tax expense | – | – |

As at 31 December 2025, subject to agreement by tax authority, the Group had estimated tax losses of approximately HK\$145,856,000 (2024: approximately HK\$145,856,000) in Hong Kong which are available for offsetting against future taxable profits of the companies in which the losses arose. The tax losses do not expire under the current Hong Kong tax legislation. Tax losses of approximately HK\$84,853,000 (2024: approximately HK\$77,109,000) in the PRC are available for offsetting against future profits that may be carried forward for five years for PRC enterprise income tax purpose. Deferred tax assets have not been recognised as it is not probable that future taxable profits against which the losses can be utilised will be available for the companies in which the losses arose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. LOSS BEFORE TAX

The Group's loss before tax is stated after (crediting)/charging the following:

| | 2025 | 2024 |
|---|-----------------|----------|
| | HK\$'000 | HK\$'000 |
| Amortisation of intangible assets | 75 | 75 |
| Staff costs (including Directors' emoluments) | | |
| – Salaries, wages and other benefits | 16,198 | 14,887 |
| – Pension costs-defined contribution plans | 2,569 | 1,904 |
| | 18,767 | 16,791 |
| Reversal of impairment on trade receivables | (312) | (505) |
| Depreciation of property, plant and equipment and right-of-use assets | 453 | 642 |
| Auditors' remuneration | 1,100 | 1,100 |
| Legal and professional fee | 3,676 | 4,756 |
| Expenses related to short-term leases | 2,023 | 1,446 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. BENEFITS AND INTERESTS OF DIRECTORS AND EMPLOYEES

(a) Directors' emoluments

The remuneration of each Director is as follows:

| | Year ended 31 December 2025 | | | |
|--|--|----------|---------------------------------|----------|
| | Emoluments paid or receivable in respect of a person's services as a Director whether of the Company or its subsidiary undertaking | | | |
| | Directors' fees | Salaries | Retirement scheme contributions | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Executive Directors | | | | |
| Mr. Xu Jingping | – | 1,200 | – | 1,200 |
| Mr. Xu Zhongping | – | 1,200 | – | 1,200 |
| Mr. Yang Baodong | – | 1,352 | 45 | 1,397 |
| | – | 3,752 | 45 | 3,797 |
| Non-executive Directors | | | | |
| Ms. Hu Yueyue | 240 | – | 6 | 246 |
| Mr. Ma Tianfu | 240 | – | – | 240 |
| Mr. Wang Youming | 240 | – | – | 240 |
| | 720 | – | 6 | 726 |
| Independent non-executive Directors | | | | |
| Mr. Tse Chi Wai | 120 | – | – | 120 |
| Prof. Zhu Nanwen | 120 | – | – | 120 |
| Prof. Li Jun | 120 | – | – | 120 |
| | 360 | – | – | 360 |
| | 1,080 | 3,752 | 51 | 4,883 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. BENEFITS AND INTERESTS OF DIRECTORS AND EMPLOYEES (Continued)

(a) Directors' emoluments (Continued)

| | Year ended 31 December 2024 | | | |
|--|--|----------|---------------------------------|----------|
| | Emoluments paid or receivable in respect of a person's services as a Director whether of the Company or its subsidiary undertaking | | | |
| | Directors' fees | Salaries | Retirement scheme contributions | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Executive Directors | | | | |
| Mr. Xu Jingping | – | 1,200 | – | 1,200 |
| Mr. Xu Zhongping | – | 1,200 | – | 1,200 |
| Mr. Yang Baodong | – | 1,352 | 42 | 1,394 |
| | – | 3,752 | 42 | 3,794 |
| Non-executive Directors | | | | |
| Ms. Hu Yueyue | 240 | – | 12 | 252 |
| Mr. Ma Tianfu | 240 | – | – | 240 |
| Mr. Wang Youming | 240 | – | – | 240 |
| | 720 | – | 12 | 732 |
| Independent non-executive Directors | | | | |
| Mr. Tse Chi Wai | 120 | – | – | 120 |
| Prof. Zhu Nanwen | 120 | – | – | 120 |
| Prof. Li Jun | 120 | – | – | 120 |
| | 360 | – | – | 360 |
| | 1,080 | 3,752 | 54 | 4,886 |

There was no arrangement under which a director waived or agreed to waive any emoluments during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. BENEFITS AND INTERESTS OF DIRECTORS AND EMPLOYEES (Continued)

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included three (2024: three) Directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2024: two) individuals are set out below:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---------------------------------|------------------|------------------|
| Salaries and other emoluments | 1,163 | 1,228 |
| Retirement scheme contributions | 58 | 58 |
| | 1,221 | 1,286 |

The emoluments fell within the following band:

| | Number of individuals | |
|-------------------------|-----------------------|------|
| | 2025 | 2024 |
| HK\$Nil – HK\$1,000,000 | 2 | 2 |

During the year, no emoluments were paid by the Group to any of the Directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. DIVIDENDS

The Board of Directors does not recommend the payment of any dividend for the year ended 31 December 2025 (2024: HK\$Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. LOSS PER SHARE

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

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--|------------------|------------------|
| Loss | | |
| Loss for the year for the purpose of calculating basic and diluted loss per share | (52,398) | (30,741) |
| Number of shares | '000 | '000 |
| Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share | 342,698 | 279,307 |

Basic and diluted loss per share for the years ended 31 December 2025 and 2024 were the same as the Company had no dilutive potential shares during the years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. PROPERTY, PLANT AND EQUIPMENT

| | Machinery HK\$'000 | Furniture, fixtures and equipment HK\$'000 | Motor vehicles HK\$'000 | Total HK\$'000 |
|---|------------------------------|--|---------------------------------------|--------------------------|
| Cost | | | | |
| At 1 January 2024 | 803 | 2,426 | 3,281 | 6,510 |
| Exchange adjustments | (28) | (43) | (94) | (165) |
| Additions | 42 | 200 | – | 242 |
| At 31 December 2024 and 1 January 2025 | 817 | 2,583 | 3,187 | 6,587 |
| Exchange adjustments | 31 | 51 | 104 | 186 |
| Additions | – | 33 | – | 33 |
| Disposals | – | (21) | – | (21) |
| At 31 December 2025 | 848 | 2,646 | 3,291 | 6,785 |
| Accumulated depreciation and impairment losses | | | | |
| At 1 January 2024 | 382 | 2,330 | 3,161 | 5,873 |
| Exchange adjustments | (14) | (36) | (90) | (140) |
| Charge for the year | 41 | 23 | – | 64 |
| At 31 December 2024 and 1 January 2025 | 409 | 2,317 | 3,071 | 5,797 |
| Exchange adjustments | 16 | 41 | 100 | 157 |
| Charge for the year | 8 | 66 | – | 74 |
| Disposals | – | (21) | – | (21) |
| At 31 December 2025 | 433 | 2,403 | 3,171 | 6,007 |
| Carrying amount | | | | |
| At 31 December 2025 | 415 | 243 | 120 | 778 |
| At 31 December 2024 | 408 | 266 | 116 | 790 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. LEASES AND RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--|------------------|------------------|
| At 31 December: | | |
| Right-of-use assets | | |
| – Land and buildings | 440 | 1,243 |
| Lease commitments of short-term leases | 1,214 | 701 |

The maturity analysis based on undiscounted cash flows, of the Group's lease liabilities is as follows:

| | | |
|-------------------------|-----|-------|
| – Less than 1 year | 425 | 828 |
| – Between 1 and 2 years | 37 | 444 |
| – Between 2 and 5 years | – | 35 |
| | 462 | 1,307 |

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--|------------------|------------------|
| Year ended 31 December: | | |
| Depreciation charge of right-of-use assets | | |
| – Land and buildings | 379 | 578 |
| Lease interests | 23 | 33 |
| Expenses related to short-term leases | 2,023 | 1,446 |
| Total cash outflow for leases | 2,413 | 2,048 |
| Additions to right-of-use assets | 671 | 1,670 |

The Group leases land and buildings. Lease agreements are typically made for fixed periods of 2-3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. INTANGIBLE ASSETS

| | Club memberships HK\$'000 (Note) | Patent HK\$'000 | Total HK\$'000 |
|---|---|---------------------------|--------------------------|
| Cost | | | |
| At 1 January 2024 | 1,710 | 56,618 | 58,328 |
| Exchange adjustments | (57) | (1,887) | (1,944) |
| At 31 December 2024 and 1 January 2025 | 1,653 | 54,731 | 56,384 |
| Exchange adjustments | 63 | 2,088 | 2,151 |
| At 31 December 2025 | 1,716 | 56,819 | 58,535 |
| Accumulated amortisation and impairment losses | | | |
| At 1 January 2024 | 959 | 56,618 | 57,577 |
| Exchange adjustments | (33) | (1,887) | (1,920) |
| Amortisation charge | 75 | – | 75 |
| At 31 December 2024 and 1 January 2025 | 1,001 | 54,731 | 55,732 |
| Exchange adjustments | 39 | 2,088 | 2,127 |
| Amortisation charge | 75 | – | 75 |
| At 31 December 2025 | 1,115 | 56,819 | 57,934 |
| Carrying amount | | | |
| At 31 December 2025 | 601 | – | 601 |
| At 31 December 2024 | 652 | – | 652 |

Note: The Group holds a membership right in Sand River Golf Club with a useful life of 23 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. INTERESTS IN AN ASSOCIATE

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---------------------|------------------|------------------|
| Share of net assets | – | – |

The particulars of the associate of the Group, which is unlisted, as at 31 December 2025 and 2024, are as follows:

| Name of associate | Particulars of paid up registered capital | Proportion of ownership interest indirectly held by the Company | | Principal activity |
|--|---|---|------|--------------------|
| | | 2025 | 2024 | |
| Beijing CETH Asset Management Co., Ltd ("Beijing CETH Asset Management") 北京中環科資本管理有限公司 | RMB1,000,000 | 49% | 49% | Asset management |

The Group has discontinued the recognition of its share of loss of the associate because the share of loss of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of losses of this associate for the current year and cumulatively were approximately HK\$Nil (2024: approximately HK\$Nil) and approximately HK\$358,000 (2024: approximately HK\$358,000), respectively.

21. TRADE AND OTHER RECEIVABLES

| | 2025 HK\$'000 | 2024 HK\$'000 |
|------------------------------------|------------------|------------------|
| Trade receivables | 24,583 | 23,444 |
| Bills receivables | – | 364 |
| Less: allowance for doubtful debts | (6,664) | (6,725) |
| | 17,919 | 17,083 |
| Other receivables | 1,847 | 1,642 |
| Prepayments and deposits | 3,123 | 4,714 |
| | 22,889 | 23,439 |

Trade receivables are due in accordance with contract terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. TRADE AND OTHER RECEIVABLES (Continued)

As at 31 December 2025 and 2024, the ageing analysis of the trade and bill receivables, based on the invoice date, and net of allowance were as follows:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|------------------|------------------|
| Within 3 months | 1,836 | 2,623 |
| More than 3 months but within 12 months | 5,674 | 4,091 |
| More than 12 months | 10,409 | 10,369 |
| | 17,919 | 17,083 |

As at 31 December 2025, trade receivables of the Group amounting to approximately HK\$6,664,000 (2024: approximately HK\$6,725,000) were individually determined to be impaired. The individually impaired receivables were outstanding for more than 12 months at the end of the reporting period.

Movements in the allowance for doubtful debts

| | 2025 HK\$'000 | 2024 HK\$'000 |
|------------------------------------|------------------|------------------|
| At 1 January | 6,725 | 7,469 |
| Reversal of allowance for the year | (312) | (505) |
| Exchange adjustments | 251 | (239) |
| At 31 December | 6,664 | 6,725 |

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

| | Current | Up to 3 months past due | 3 to 12 months past due | Over 12 months past due | Total |
|-------------------------------------|---------|-------------------------------|-------------------------------|-------------------------------|---------|
| At 31 December 2025 | | | | | |
| Weighted average expected loss rate | – | – | – | 39% | |
| Receivable amount (HK\$'000) | 1,747 | 89 | 5,674 | 17,073 | 24,583 |
| Loss allowance (HK\$'000) | – | – | – | (6,664) | (6,664) |
| At 31 December 2024 | | | | | |
| Weighted average expected loss rate | – | – | – | 39% | |
| Receivable amount (HK\$'000) | 1,953 | 306 | 4,091 | 17,094 | 23,444 |
| Loss allowance (HK\$'000) | – | – | – | (6,725) | (6,725) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. CONTRACT ASSETS, COSTS AND LIABILITIES

Disclosures of revenue-related items:

| | As at 31 December 2025 HK\$'000 | As at 31 December 2024 HK\$'000 | As at 1 January 2024 HK\$'000 |
|---|--|--|--|
| Total contract assets | 2,785 | 1,939 | 2,611 |
| Total contract costs | 5,462 | 8,272 | |
| Total contract assets and contract costs | 8,247 | 10,211 | |
| Total contract liabilities | 9,430 | 11,572 | 15,006 |
| Contract receivables (included in trade receivables) | 17,919 | 16,719 | 18,332 |
| Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in: | | | |
| – 2025 | – | 17,400 | |
| – 2026 | 14,460 | 3,302 | |
| | 14,460 | 20,702 | |
| Year ended 31 December | 2025 | 2024 | |
| | HK\$'000 | HK\$'000 | |
| Revenue recognised in the year that was included in contract liabilities at beginning of year | 9,983 | 13,103 | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. CONTRACT ASSETS, COSTS AND LIABILITIES (Continued)

Significant changes in contract assets and contract liabilities during the year:

| | 2025 | 2025 | 2024 | 2024 |
|---|-----------------|--------------------|----------|-------------|
| | Contract | Contract | Contract | Contract |
| | assets | liabilities | assets | liabilities |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Increase due to operations in the year | 1,018 | 9,263 | 1,720 | 11,812 |
| Transfer of contract assets to receivables | (259) | - | (2,316) | - |
| Transfer of contract liabilities to revenue | - | (11,281) | - | (14,807) |

A contract asset represents the Group's right to consideration in exchange for products or services that the Group has transferred to a customer.

A contract liability represents the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

23. BANK AND CASH BALANCES

| | 2025 | 2024 |
|------------------------|-----------------|----------|
| | HK\$'000 | HK\$'000 |
| Cash and bank balances | 1,687 | 892 |

At 31 December 2025, the bank deposits and cash and bank balances of the PRC's subsidiaries denominated in RMB amounted to approximately HK\$1,616,000 (2024: approximately HK\$758,000). The RMB is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. TRADE AND OTHER PAYABLES

| | Notes | 2025 HK\$'000 | 2024 HK\$'000 |
|--------------------------------|-------|------------------|------------------|
| Trade payables | | 30,542 | 32,291 |
| Other payables | (i) | 406,295 | 369,491 |
| Other tax payable | | 11,373 | 12,038 |
| Amounts due to directors | (ii) | 29,241 | 16,276 |
| Amounts due to a related party | (ii) | 5,797 | 5,584 |
| | | 483,248 | 435,680 |
| Analysed as: | | | |
| Current liabilities | | 386,987 | 357,612 |
| Non-current liabilities | | 96,261 | 78,068 |
| | | 483,248 | 435,680 |

Note:

- (i) As at 31 December 2025, other payables included rent payable of approximately HK\$8,176,000 (2024: HK\$7,832,000), non-contractual loan of approximately HK\$39,052,000 (2024: HK\$37,617,000), amounts due to the Investor and companies controlled by the Investor of approximately HK\$3,853,000 (2024: HK\$4,549,000), interest payables of approximately HK\$120,820,000 (2024: HK\$101,534,000), and legal and professional fee payables of approximately HK\$17,974,000 (2024: HK\$14,113,000).

As at 18 November 2019, the Group has undergone an early cessation arrangement for a lease contract with the lessor, who is entitled to bring legal actions against a subsidiary of the Company for the early cessation claims. As at 31 December 2025, the Directors estimated that a provision for claims in relation to the early cessation on arrangement after deducted the rental deposits would be approximately HK\$175,261,000 (2024: HK\$168,023,000).

- (ii) Amounts due to directors and a related party are unsecured, non-interest bearing and has no fixed repayment terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. TRADE AND OTHER PAYABLES (Continued)

The ageing analysis of the trade payables based on the date of receipt of goods/services, is as follows:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|------------------------------------|------------------|------------------|
| Within 1 month | 1,433 | 4,194 |
| After 1 month but within 3 months | 261 | 616 |
| After 3 months but within 4 months | 224 | 35 |
| After 4 months but within 1 year | 7,404 | 1,110 |
| After 1 year | 21,220 | 26,336 |
| | 30,542 | 32,291 |

25. BORROWINGS

The analysis of the carrying amount of borrowings is as follows:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---------------------------|------------------|------------------|
| Bank loans (note (a)) | 25,102 | 24,052 |
| Entrusted loan (note (b)) | 50,782 | 48,916 |
| Other loans (note (c)) | 84,489 | 74,960 |
| Bonds (note (d)) | 3,000 | 3,000 |
| Total borrowings | 163,373 | 150,928 |

The borrowings are repayable as follows:

| | | |
|---|-----------------|-----------------|
| Within one year | 87,724 | 81,286 |
| In the second year, inclusive | 75,128 | 69,642 |
| In the third to fifth years, inclusive | 521 | – |
| | 163,373 | 150,928 |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | (87,724) | (81,286) |
| Amount due for settlement after 12 months | 75,649 | 69,642 |

The carrying amounts of all borrowings are denominated in RMB, except the bonds and other loans are denominated in HKD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. BORROWINGS (Continued)

Notes:

- (a) The bank loans of approximately HK\$25,102,000 (2024: HK\$24,052,000) are secured by properties owned by a company controlled by the Investor and personal guarantees by an executive Director of the Company, and the effective discount interest rate on the bank loans is from 2.40% to 4.83% (2024: 2.45% to 3.95%) per annum for the year ended 31 December 2025.
- (b) On 19 March 2013, SZ CETH, a wholly-owned subsidiary of the Company, entered into an entrusted loan agreement with an independent third party through commissioning a bank to borrow a loan of RMB50,000,000 for a period of three years from 23 April 2013 to 22 April 2016, and extended one year to 21 April 2017 when expired. The loan is secured by a guarantee from the Company. On 26 March 2019, the lender has decided to extend the repayment of this entrusted loan, for which, RMB25,000,000 of the entrusted loan shall be repaid on or before 31 December 2019 while the other RMB25,000,000 to be repaid on or before 31 December 2020. The effective interest rate of the entrusted loan (which also equals contractual interest rate) was 12% (2024: 12%) per annum. During the year ended 31 December 2020, the Group had repaid approximately RMB4,000,000. Approximately RMB46,000,000 of the entrusted loan was overdue as at 31 December 2025 (2024: RMB46,000,000). Up to the date of these consolidated financial statements, SZ CETH is required to pay the entire principal amount of approximately RMB46,000,000 and accrued interest pursuant to a court judgement.
- (c) As at 31 December 2025, the Group had other loans of approximately HK\$84,489,000 (2024: HK\$74,960,000), with a weighted average effective interest rate of approximately 18% per annum (2024: 14%). Of these loans, approximately HK\$5,079,000 is secured by a director's property and the remainder is unsecured. The loans are repayable at various dates up to October 2028, with maturity profile as follows:
 - (i) Approximately HK\$5,748,000 is repayable on demand and approximately HK\$3,092,000 is overdue as at 31 December 2025;
 - (ii) Approximately HK\$5,079,000 matures in July 2027;
 - (iii) Approximately HK\$40,800,000 matures in September 2027;
 - (iv) Approximately HK\$29,249,000 matures in December 2027; and
 - (v) Approximately HK\$521,000 matures in October 2028.
- (d) As at 31 December 2025, the Group have issued one (2024: one) unlisted straight bonds to one (2024: one) independent investor in an aggregate principal amount of HK\$3,000,000 (2024: HK\$3,000,000) (the "Bonds") and interest of HK\$1,416,000 (2024: HK\$1,176,000). The Bonds are unsecured, arranged at a fixed interest rate of 8% per annum and redeemed in full upon the maturity, i.e. three or four years from the date of issue. All outstanding bonds are overdue as at 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. CONVERTIBLE BONDS

On 16 January 2018, the Company issued the convertible bonds in an aggregate principal amount of US\$7,000,000 (equivalent to approximately HK\$54,600,000) with a coupon rate of 8% to the independent third party. The convertible bonds would mature from the date of issue to 15 January 2021 representing maturity period of 3 years, and can be converted into a maximum of 265,048,544 conversion shares of the Company at the conversion price of HK\$0.206 per conversion shares upon full exercise of the conversion rights within the period of the 12 months after the issue date of the bonds up to the maturity date.

The convertible bonds recognised in the consolidated statement of financial position had been split between liability element and equity component.

On 10 January 2021, the Company and the holder of the convertible bonds (the “Bondholder”) verbally agreed to amend the terms and conditions of the convertible bonds in order to extend the maturity date and the conversion period of the convertible bonds. Accordingly, the Company and the Bondholder entered into the deed of amendments on 16 March 2021 to extend i) the maturity date to 31 July 2021, and ii) the conversion period to 30 July 2021 (the “CB Extension”). The CB Extension took effect on 18 March 2021. As a result of the CB extension, the liability and equity components were extinguished by approximately HK\$683,000 and HK\$15,350,000 respectively based on revaluation upon date of the execution, i.e. 18 March 2021. The revaluation was conducted with reference to the independent valuation performed by an independent valuer, Ravia Global Appraisal Advisory Limited under level 2 fair value measurement.

On 19 July 2021, the Bondholder deposited the bond certificate of the Convertible Bonds with the duly completed form of transfer at the principal place of business of the Company, and the Company issued a new bond certificate in favour of Mr. Zhang Zihong (the “New Bondholder”). On 26 July 2021, the Company and the New Bondholder entered into the deed of amendments in respect of the proposed amendments, pursuant to which the Company agreed with the New Bondholder to amend certain terms and conditions of the convertible bonds (The “CB Amendments”), included extended the maturity date to 31 July 2024 and adjusted conversion price to HK\$0.025 per conversion shares. The CB Amendments took effect on 28 September 2021. As a result of the CB Amendments, the liability and equity components were loss on amendments of terms by approximately HK\$15,490,000 based on revaluation upon date of the execution, i.e. 28 September 2021. The valuation was conducted with reference to the independent valuation performed by an independent valuer, Ravia Global Appraisal Advisory Limited under level 2 fair value measurement.

On 29 July 2024, the Company received a conversion notice from one of the Bondholder in respect of the exercise of the conversion rights attached to the convertible bonds with the principle amount of US\$3,500,000 (equivalent to HK\$27,300,000) at the conversion price of HK\$0.5 per conversion share. Accordingly, 54,600,000 conversion shares, representing approximately 21.65% of the total number of issued shares immediately before the conversions and approximately 15.93% of the total number of issued shares enlarged by the issue of the conversion shares immediately after the conversions, were allotted and issued to the Bondholder on 5 August 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. CONVERTIBLE BONDS (Continued)

On 30 July 2024, the Company received a conversion notice from one of the Bondholder in respect of the exercise of the conversion rights attached to the convertible bonds with the principle amount of US\$2,300,000 (equivalent to HK\$17,940,000) at the conversion price of HK\$0.5 per conversion share. Accordingly, 35,880,000 conversion shares, representing approximately 14.23% of the total number of issued shares immediately before the conversion and approximately 10.47% of the total number of issued shares enlarged by the issue of the conversion shares immediately after the conversion, were allotted and issued to Bondholder on 5 August 2024.

On 30 July 2024, the Company and the holders of the unconverted Convertible Bonds with principal amount of US\$1,200,000 (the “Unconverted Convertible Bonds”) verbally agreed to amend the terms and conditions of the Unconverted Convertible Bond (the “Amendments”) in order to extend the maturity date and the conversion period of the Unconverted Convertible Bonds. Accordingly, with each of the Bondholders the Company executed a deed of amendments on 29 November 2024 to amend the terms and conditions of the Unconverted Convertible Bonds, included extended the maturity date to 31 July 2027 and the conversion period to 30 July 2027. The Amendments took effect on 12 December 2024. As a result of the Amendments, the liability and equity components were loss on amendments of terms by approximately HK\$99,000 based on revaluation upon date of the execution, i.e. 12 December 2024. The valuation was conducted with reference to the independent valuation performed by an independent valuer, Ravia Global Appraisal Advisory Limited under level 2 fair value measurement.

The convertible bonds recognised in the consolidated statement of financial position had been split between liability element and equity component, and are calculated as follows:

| | Liabilities component | Equity component | Total |
|--|----------------------------------|-----------------------------|--------------|
| | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 January 2024 | 69,662 | 19,307 | 88,969 |
| Imputed interest expenses | 5,548 | – | 5,548 |
| Less: coupon payable | (6,905) | – | (6,905) |
| Less: exercise convertible bond | (56,550) | (15,997) | (72,547) |
| Less: extinguishment resulted from the CB extension | – | (3,310) | (3,310) |
| Less: loss on amendments of terms of CB | (1,017) | 1,116 | 99 |
| At 31 December 2024 and 1 January 2025 | 10,738 | 1,116 | 11,854 |
| Imputed interest expenses | 1,108 | – | 1,108 |
| Less: coupon payable | (70) | – | (70) |
| At 31 December 2025 | 11,776 | 1,116 | 12,892 |

The interest charged for the year is calculated by applying an effective interest 9.92% to the liability component for the period since the Amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. LEASE LIABILITIES

| | Lease payments 2025 HK\$'000 | Present value of lease payments 2025 HK\$'000 | Lease payments 2024 HK\$'000 | Present value of lease payments 2024 HK\$'000 |
|---|---------------------------------------|--|---------------------------------------|--|
| Within one year | 425 | 419 | 828 | 786 |
| In the second to fifth years, inclusive | 37 | 36 | 479 | 471 |
| | 462 | 455 | 1,307 | 1,257 |
| Less: Future finance charges | (7) | | <u>(50)</u> | |
| Present value of lease liabilities | <u>455</u> | | <u>1,257</u> | |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | | <u>(419)</u> | | <u>(786)</u> |
| Amount due for settlement after 12 months | | <u>36</u> | | <u>471</u> |

At 31 December 2025, the effective borrowing rate was from 4.75% – 5.675%. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. SHARE CAPITAL

| | Number of ordinary shares '000 | Share capital HK\$'000 |
|---|---|---------------------------|
| Authorised | | |
| Ordinary shares of HK\$0.5 (2024: HK\$0.5) each | | |
| At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025 | 1,000,000 | 500,000 |
| Issued and fully paid | | |
| Ordinary shares of HK\$0.5 (2024: HK\$0.5) each | | |
| At 1 January 2024 | 223,218 | 102,849 |
| Issue of settlement shares (Note a) | 29,000 | 14,500 |
| Exercise convertible bond (Note b) | 90,480 | 54,000 |
| At 31 December 2024, 1 January 2025 and 31 December 2025 | 342,698 | 171,349 |

Notes:

- (a) On 24 April 2024 and 25 April 2024, the Company entered into the subscription agreement with two subscribers pursuant to which the subscribers have conditionally agreed to subscribe and the Company has conditionally agreed to allot and issue 29,000,000 new shares at HK\$0.50 per share, while the prevailing market value of HK\$0.24 per share at completed date. The subscription of shares was completed on 3 May 2024. The share subscription amount of HK\$14,500,000 were fully utilized to set off the outstanding debt of HK\$14,500,000 owed to the subscribers, resulting in a gain of HK\$7,540,000 due to the difference between the debt settlement amount and the fair value of the issued shares, which was independently assessed at HK\$6,960,000 based on the market price at the transaction date.
- (b) On 5 August 2024, two of the Bondholder exercised the conversion right and the convertible bonds were converted into 54,600,000 and 35,880,000 ordinary shares of the Company of HK\$0.50 each, respectively. The conversion shares rank pari passu in all respects with shares of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--|------------------|------------------|
| Non-current assets | | |
| Right-of-use assets | 178 | – |
| Investments in and loans to subsidiaries | – | – |
| | 178 | – |
| Current assets | | |
| Other receivables and deposits | 1,043 | 1,042 |
| Cash and cash equivalents | 13 | 12 |
| | 1,056 | 1,054 |
| Current liabilities | | |
| Other payables | 29,721 | 29,445 |
| Amounts due to directors | 17,733 | 11,703 |
| Amounts due to subsidiaries | 44,734 | 48,655 |
| Lease liabilities | 182 | – |
| Borrowings | 3,000 | 3,000 |
| | 95,370 | 92,803 |
| Net current liabilities | (94,314) | (91,749) |
| Total assets less current liabilities | (94,136) | (91,749) |
| Non-current liabilities | | |
| Other payables | 83,885 | 69,092 |
| Borrowings | 75,649 | 69,642 |
| Convertible bonds | 11,776 | 10,738 |
| | 171,310 | 149,472 |
| NET LIABILITIES | (265,446) | (241,221) |
| Capital and reserves | | |
| Share capital | 171,349 | 171,349 |
| Reserves | (436,795) | (412,570) |
| TOTAL DEFICIT | (265,446) | (241,221) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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29. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

| | Share premium | Contributed surplus | Share-based payment reserve | Convertible bonds reserve | Accumulated losses | Total |
|--|---------------|---------------------|-----------------------------|---------------------------|--------------------|-----------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 January 2024 | 370,453 | 59,063 | 2,280 | 19,307 | (839,954) | (388,851) |
| Issue of share on subscription for settlement of loans | (7,540) | - | - | - | - | (7,540) |
| Exercise convertible bond | 18,547 | - | - | (15,997) | - | 2,550 |
| Effect of forfeiture of share option granted | - | - | (5) | - | 5 | - |
| Modification of convertible bonds | - | - | - | (2,194) | 3,310 | 1,116 |
| Loss for the year | - | - | - | - | (19,845) | (19,845) |
| At 31 December 2024 and 1 January 2025 | 381,460 | 59,063 | 2,275 | 1,116 | (856,484) | (412,570) |
| Loss for the year | - | - | - | - | (24,225) | (24,225) |
| At 31 December 2025 | 381,460 | 59,063 | 2,275 | 1,116 | (880,709) | (436,795) |

30. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current year and prior period are presented in the consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium and contributed surplus

Under the Companies Law (Revised) of the Cayman Islands, the share premium account and contributed surplus account of the Company are distributable to the owners of the Company provided that immediately following the date on which a dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

The contributed surplus of the Company arose from the difference between the consolidated net assets of the Group's subsidiaries acquired and the nominal value of the Company's ordinary shares issued pursuant to the Group reorganisation in 2002.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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30. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(ii) Foreign currency transaction reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4.

(iii) Other reserves

The other reserves mainly comprise the statutory reserve of subsidiaries in the PRC. Subsidiaries of the Group in the PRC follow the accounting principles and relevant financial regulations of the PRC, in the preparation of their accounting records and financial statements. Pursuant to the accounting regulations for business enterprises, the subsidiaries are required to appropriate 10% of the profit arrived at for each year to statutory reserve. The profit arrived at must be used initially to set off against any accumulated losses. The appropriations to statutory reserve, after offsetting against any accumulated losses, must be made before the distribution of dividends to owners. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends, but may be used to set off losses or be converted into paid-in capital.

(iv) Convertible bond reserve

The convertible bonds reserve represents the value of the unexercised equity component of convertible bonds issued by the Company recognised in accordance with the accounting policies adopted for convertible bonds in note 4 to the consolidated financial statements.

(v) Share-based payment reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees and consultants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4 to the consolidated financial statements.

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31. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include directors, employees and consultants of the Company and its subsidiaries. The Scheme became effective on 10 September 2010, unless otherwise cancelled or amended, will remain in force for ten years from that date.

The maximum number of shares in respect of which options may be granted at any time under the Scheme together with options which may be granted under any other share option schemes for the time being of the Group shall not exceed such number of shares as equals 10% of the issued share capital of the Company at the date of approval of the Scheme. Any further grant of shares options in excess of this limit is subject to shareholders’ approval in a general meeting. Unless approved by the Company’s shareholders, the total number of shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue.

Each grant of options to any of the directors, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive directors (excluding the independent nonexecutive director who is the proposed grantee of the option (if any)). Where any grant of options to a substantial shareholder of the Company or an independent non-executive director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the shares in issue; and
- (ii) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million

such further grant of options must be approved by shareholders of the Company.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by each grantee. An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Scheme.

Share options do not confer rights on the holder to dividends or to vote at shareholders’ meetings.

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31. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

The following share options were outstanding under the Scheme during the year:

| Grantee | Date of grant | Exercisable period | Exercise price | Outstanding at 31 December 2025 |
|---------------------------------------|----------------------|------------------------------------|-----------------------|--|
| Directors | 11 May 2020 | From 11 May 2020 to 10 May 2030 | HK\$0.50 | 2,088,000 |
| Directors | 11 May 2020 | From 11 May 2021 to 10 May 2030 | HK\$0.50 | 1,044,000 |
| Directors | 11 May 2020 | From 11 May 2022 to 10 May 2030 | HK\$0.50 | 1,044,000 |
| Employee | 11 May 2020 | From 11 May 2020 to 10 May 2030 | HK\$0.50 | 648,000 |
| Employee | 11 May 2020 | From 11 May 2021 to 10 May 2030 | HK\$0.50 | 480,000 |
| Employee | 11 May 2020 | From 11 May 2022 to 10 May 2030 | HK\$0.50 | 480,000 |
| Consultant | 11 May 2020 | From 11 May 2020 to 10 May 2030 | HK\$0.50 | 4,832,000 |
| Consultant | 11 May 2020 | From 11 May 2021 to 10 May 2030 | HK\$0.50 | 96,000 |
| Consultant | 11 May 2020 | From 11 May 2022 to 10 May 2030 | HK\$0.50 | 96,000 |
| | | | | 10,808,000 |
| Exercisable at end of the year | | | | 10,808,000 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

Details of the share option outstanding during the year are as follows:

| | 2025 | | 2024 | |
|--|-------------------------------|--|-------------------------------|--|
| | Number of share options | Weighted average exercise price HK\$ | Number of share options | Weighted average exercise price HK\$ |
| Outstanding at the beginning of the year | 10,808,000 | 0.50 | 10,832,000 | 0.50 |
| Forfeited during the year | – | 0.50 | (24,000) | 0.50 |
| Outstanding at the end of the year | 10,808,000 | 0.50 | 10,808,000 | 0.50 |
| Exercisable at the end of the year | 10,808,000 | 0.50 | 10,808,000 | 0.50 |

The option outstanding at 31 December 2025 had exercise prices of HK\$0.50 (2024: HK\$0.50) and the remaining contractual life of 4.36 years (2024: 5.36 years)

The Company has used the Binomial Option Pricing Model to assess the fair value of the share options granted under the Scheme and such fair value was HK\$2,346,574.

The inputs into the model are as follows:

| | |
|--------------------------------------|-----------|
| Closing share price at date of grant | HK\$0.017 |
| Exercise price | HK\$0.025 |
| Risk free rate | 0.502% |
| Expected volatility | 99.645% |
| Expected dividend yield | 0.000% |

The fair value of the options will be amortised over the vesting period and expensed in the consolidated profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

| | Convertible bonds | Borrowings | Lease liabilities | Total liabilities from financing activities |
|--|------------------------------|-------------------|------------------------------|--|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 January 2024 | 69,662 | 147,679 | 182 | 217,523 |
| Changes in cash flows | – | 9,352 | (602) | 8,750 |
| Non-cash changes | | | | |
| – initial recognition on lease liabilities | – | – | 1,670 | 1,670 |
| – interest charged | 5,548 | – | 33 | 5,581 |
| – other payables | (6,905) | – | – | (6,905) |
| – exercise convertible bond | (56,550) | – | – | (56,550) |
| – modification of convertible bonds | (1,017) | – | – | (1,017) |
| – loan settlement | – | (3,200) | – | (3,200) |
| – exchange differences | – | (2,903) | (26) | (2,929) |
| At 31 December 2024 and 1 January 2025 | 10,738 | 150,928 | 1,257 | 162,923 |
| Changes in cash flows | – | 9,032 | (390) | 8,642 |
| Non-cash changes | | | | |
| – termination of lease | – | – | (1,136) | (1,136) |
| – initial recognition on lease liabilities | – | – | 671 | 671 |
| – interest charged | 1,108 | – | 23 | 1,131 |
| – other payables | (70) | – | – | (70) |
| – exchange differences | – | 3,413 | 30 | 3,443 |
| At 31 December 2025 | 11,776 | 163,373 | 455 | 175,604 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. RELATED PARTY TRANSACTIONS

The Group has entered into the following material related party transactions during the reporting period:

Key management personnel remuneration

Remuneration for key management personnel including amounts paid to the Company's Directors and all of the highest paid employees as disclosed in note 14, is as follows:

| | 2025 | 2024 |
|------------------------------|-----------------|----------|
| | HK\$'000 | HK\$'000 |
| Short-term employee benefits | 5,995 | 6,060 |
| Post-employment benefits | 109 | 112 |
| | 6,104 | 6,172 |

Total remuneration is included in "staff costs".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. PARTICULARS OF SUBSIDIARIES

(a) Particulars of the Company's subsidiaries which affected the results, assets and liabilities of the Group as at 31 December 2025 were as follows:

| Name of subsidiary | Place of incorporation/ business | Particulars of issued share capital/paid up registered capital | Percentage of ownership interest/ voting power/ profit sharing | | Principal activities |
|---|-------------------------------------|--|--|----------|---|
| | | | Direct | Indirect | |
| Golden Leo Development Limited 金獅發展有限公司 | Hong Kong | 1 ordinary share of HK\$1 | 100% | - | Inactive |
| Hugh Smart Investments Limited 鉅俊投資有限公司 | Hong Kong | 1 ordinary share of HK\$1 | 100% | - | Investment holding |
| Shenzhen CETH Environmental Technology Co. Limited [#] 深圳中環科環保科技有限公司* | PRC** | RMB19,826,025 | - | 100% | Development of environmental protection related project |
| Great Champion Holdings Limited 大盛集團有限公司 | Hong Kong | 10,000,000 ordinary share of HK\$1 | 100% | - | Inactive |
| Winsum Investment Limited | British Virgin Islands | 1 ordinary share of USD 1 each | 100% | - | Investment holding |
| New Era Technology Development Limited 年代科技發展有限公司 | Hong Kong | 1 ordinary share of HK\$1 | - | 100% | Investment holding |
| Beijing Jingrui Kemai Water Purification Technology Company Limited [#] 北京精瑞科邁淨水技術有限公司* | PRC** | RMB10,000,000 | - | 100% | Development of water purification technology and wastewater treatment equipment trading |
| Well Nation Holdings Limited | British Virgin Islands | 1 ordinary share of USD 1 each | 100% | - | Investment holding |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. PARTICULARS OF SUBSIDIARIES (Continued)

(a) Particulars of the Company's subsidiaries which affected the results, assets and liabilities of the Group as at 31 December 2025 were as follows: (Continued)

| Name of subsidiary | Place of incorporation/ business | Particulars of issued share capital/paid up registered capital | Percentage of ownership interest/ voting power/ profit sharing | | Principal activities |
|---|-------------------------------------|--|--|----------|---|
| | | | Direct | Indirect | |
| Rich Channel International Limited 富啟國際有限公司 | Hong Kong | 1 ordinary share of HK\$1 | - | 100% | Investment holding |
| Beijing Capital Environment Construction (Hong Kong) Company Limited 首創環保建設(香港)有限公司 | Hong Kong | 1 ordinary share of HK\$1 | 51% | - | Investment holding |
| Beijing Shouqiang Innovative Environmental Protection Technology Co., Limited [#] 北京首強創新環保科技有限公司* | PRC** | HK\$6,000,000 | - | 51% | Provision of environmental consultancy services |
| Beijing Jinrui Tongda Technology Company Limited [#] 北京金瑞通達科技有限公司* | PRC** | HK\$5,000,000 | - | 100% | Investment holding |
| Beijing Xinchuang Technology Development Company Limited [#] 北京興創科技發展有限公司* | PRC** | HK\$68,000,000 | - | 100% | Investment holding |
| INNOMED Group Limited 醫諾醫療集團有限公司 | British Virgin Islands | 1 ordinary share of US\$1 each | 100% | - | Investment holding |
| Innomed (HK) Limited 醫諾醫療(香港)有限公司 | Hong Kong | 1 ordinary share of HK\$1 | 100% | - | Investment holding |
| Innomed (Shenzhen) Limited [#] 深圳市醫諾醫療技術服務有限公司* | PRC** | RMB 0.00 | - | 100% | Development of medical information system and health care management consulting |
| Shenzhen CETH Assets Management Co., Limited [#] 深圳中環科資產管理有限公司* | PRC** | RMB20,000,000 | - | 100% | Investment holding |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. PARTICULARS OF SUBSIDIARIES (Continued)

(a) Particulars of the Company's subsidiaries which affected the results, assets and liabilities of the Group as at 31 December 2025 were as follows: (Continued)

| Name of subsidiary | Place of incorporation/ business | Particulars of issued share capital/paid up registered capital | Percentage of ownership interest/ voting power/ profit sharing | | Principal activities |
|--|-------------------------------------|--|--|----------|--|
| | | | Direct | Indirect | |
| Hainan Yinkai Medical Investment Co., Limited# ("Hainan Yinkai") 海南銀開醫療投資有限公司 | PRC** | RMB40,000,000 | - | 52.02% | Development of medical technology |
| Beijing INNOMED North Medical Technology Service Co., Limited# 北京醫諾北方醫療技術服務有限公司* | PRC** | RMB6,800,000 | - | 100% | Provision of health consultancy services |
| Hope Biotech (Hong Kong) Limited 厚樸生物科技(香港)有限公司 | Hong Kong | 204,081 ordinary share of HK\$1 | - | 51% | Investment holding |
| Lianhe Zhonghuan (Beijing) Energy Co., Ltd.# ("Lianhe Zhonghuan") 鏈合中環(北京)能源有限公司* | PRC** | RMB 0.00 | - | 51% | Provision of power generation, transmission and supply business |
| Huanzhong (Shenzhen) Energy Investment Co., Ltd.# ("Huanzhong") 環中(深圳)能源投資有限公司* | PRC** | RMB 3,000,000 | - | 90% | Provision of technical services, technology development services |
| Huanzhong (Ningxia) New Energy Technology Co., Ltd.# 環中(寧夏)新能源科技有限公司* | PRC** | RMB 1,500,000 | - | 90% | Provision of technical services, technology development services |
| Huanzhongneng Carbon Technology (Beijing) Co., Ltd.# 環中能碳科技(北京)有限公司* | PRC** | RMB 1,197,500 | - | 90% | Software development |
| Huanzhong Power Technology (Foshan) Co., Ltd.# 環中電力科技(佛山)有限公司* | PRC** | RMB 370,000 | - | 63% | Provision of R&D services for emerging energy technologies |

* a wholly foreign owned enterprise

** a limited liability enterprise

The company name in English is not the official name but a translation for reference only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. PARTICULARS OF SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiary that have material non-controlling interests (“NCI”)

The following table shows information of the subsidiaries that has NCI material to the Group. The summarised financial information represents amounts before inter-company eliminations.

| Name Principal place of business/ country of incorporation | Lianhe Zhonghuan | | Hainan Yinkai | | Huanzhong | |
|--|------------------|----------|---------------|----------|-----------|----------|
| | PRC | | PRC | | PRC | |
| % of ownership interest/ voting rights held by NCI | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| As 31 December: | | | | | | |
| Non-current assets | 145 | 1,470 | - | - | 142 | - |
| Current assets | 983 | 1,314 | 9,854 | 9,492 | 2,206 | - |
| Current liabilities | (6,653) | (6,008) | (411) | (396) | (5,837) | - |
| Non-current liabilities | - | (786) | - | - | (36) | - |
| Net (liabilities)/assets | (5,525) | (4,010) | 9,443 | 9,096 | (3,525) | - |
| Carrying amount of NCI | (2,707) | (1,965) | 4,531 | 4,364 | 2,686 | - |
| Year ended 31 December: | | | | | | |
| Revenue | 2,805 | 819 | - | - | 439 | - |
| Loss for the year | (1,902) | (4,093) | - | (37) | (6,261) | - |
| Loss allocated to NCI | (932) | (2,011) | - | (18) | (626) | - |
| Total comprehensive expenses | (1,969) | (4,010) | - | (351) | (6,384) | - |
| Total comprehensive expenses allocated to NCI | (965) | (1,971) | - | (168) | (638) | - |
| Net cash (used in)/generated from operating activities | (862) | 1,282 | - | (150) | (3,967) | - |
| Net cash generated from/(used in) investing activities | 400 | (241) | - | - | 2,933 | - |
| Net cash generated from/(used in) financing activities | 279 | (415) | - | - | 2,011 | - |
| Net (decrease)/increase in cash and cash equivalents | (183) | 626 | - | (150) | 977 | - |

35. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are approved and authorised for issue by the Board of Directors on 31 March 2026.

FIVE YEAR FINANCIAL SUMMARY

For year ended 31 December 2025

| | As at 31 December | | | | |
|-------------------------------|----------------------|------------------|------------------|------------------|------------------|
| | 2025 HK\$'000 | 2024 HK\$'000 | 2023 HK\$'000 | 2022 HK\$'000 | 2021 HK\$'000 |
| RESULT | | | | | |
| Continuing operation | | | | | |
| Revenue | 30,693 | 28,229 | 15,721 | 38,400 | 44,611 |
| (Loss)/profit from operations | (30,194) | (6,778) | (15,186) | 2,877 | (28,122) |
| Finance cost | (24,196) | (25,992) | (28,151) | (27,900) | (25,390) |
| Loss before tax | (54,390) | (32,770) | (43,337) | (25,023) | (53,512) |
| Income tax expenses | – | – | – | – | (132) |
| Loss for the year | (54,390) | (32,770) | (43,337) | (25,023) | (53,644) |
| Attributable to: | | | | | |
| – Owners of the Company | (52,398) | (30,741) | (43,163) | (25,016) | (53,787) |
| – Non-controlling interests | (1,992) | (2,029) | (174) | (7) | 143 |
| | (54,390) | (32,770) | (43,337) | (25,023) | (53,644) |
| Loss per share | | | | | |
| Basic | (15.29 cents) | (11.01 cents) | (19.49 cents) | (11.42 cents) | (28.23 cents) |
| Diluted | (15.29 cents) | (11.01 cents) | (19.49 cents) | (11.42 cents) | (28.23 cents) |

FIVE YEAR FINANCIAL SUMMARY

For year ended 31 December 2025

| | As at 31 December | | | | |
|---|-------------------|------------------|------------------|------------------|------------------|
| | 2025 HK\$'000 | 2024 HK\$'000 | 2023 HK\$'000 | 2022 HK\$'000 | 2021 HK\$'000 |
| ASSETS AND LIABILITIES | | | | | |
| Non-current assets | 1,819 | 2,685 | 1,566 | 2,045 | 3,498 |
| Net current liabilities | (451,737) | (416,714) | (478,757) | (399,468) | (469,743) |
| Non-current liabilities | (183,722) | (158,919) | (134,434) | (178,493) | (98,832) |
| | (633,640) | (572,948) | (611,625) | (575,916) | (565,077) |
| Share capital | 171,349 | 171,349 | 102,849 | 100,749 | 100,749 |
| Reserves | (809,259) | (747,527) | (719,843) | (682,331) | (671,910) |
| Total equity attributable to owners of the Company | (637,910) | (576,178) | (616,994) | (581,582) | (571,161) |
| Non-controlling interests | (4,270) | 3,230 | 5,369 | 5,666 | 6,084 |
| Total deficit | (633,640) | (572,948) | (611,625) | (575,916) | (565,077) |