



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

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

Build a Dream and share
FUTURE SUCCESS



2025
Interim Report

* For identification purpose only

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BOARD OF DIRECTORS

Executive Directors

Mr. Zhu Yongjun (Chairman)
Ms. Chu Yin Yin, Georgiana

Independent Non-Executive Directors

Mr. Wong Siu Keung, Joe
Mr. Lam Cheung Shing, Richard
Mr. Mak Ka Wing, Patrick

AUDIT COMMITTEE

Mr. Wong Siu Keung, Joe (Committee Chairman)
Mr. Lam Cheung Shing, Richard
Mr. Mak Ka Wing, Patrick

REMUNERATION COMMITTEE

Mr. Wong Siu Keung, Joe (Committee Chairman)
Mr. Zhu Yongjun
Mr. Lam Cheung Shing, Richard

NOMINATION COMMITTEE

Mr. Zhu Yongjun (Committee Chairman)
(resigned on 26 June 2025)
Mr. Wong Siu Keung, Joe (Committee Chairman)
(appointed on 26 June 2025)
Mr. Lam Cheung Shing, Richard
Ms. Chu Yin Yin, Georgiana
(appointed on 26 June 2025)

INVESTMENT COMMITTEE

Mr. Zhu Yongjun (Committee Chairman)
Ms. Chu Yin Yin, Georgiana
Mr. Zhong Wei Guang
Mr. Pan Yimin
Mr. Tang Po Shing
Ms. Xie Ye

COMPANY SECRETARY

Ms. Chu Yin Yin, Georgiana

AUTHORISED REPRESENTATIVES

Mr. Zhu Yongjun
Ms. Chu Yin Yin, Georgiana

PRINCIPAL BANKERS

PRC

Agricultural Bank of China
Bank of China Limited
Bank of China Industrial and Commercial

Hong Kong

Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Chiyu Banking Corporation Limited
The Hongkong and Shanghai Banking Corporation Limited

LEGAL ADVISERS AS TO HONG KONG LAWS

Johnny K.K. Leung & Co., Solicitors

LEGAL ADVISER AS TO CAYMAN ISLANDS LAWS

Conyers Dill & Pearman

AUDITORS

Crowe (HK) CPA Limited

REGISTERED OFFICE

Cricket Square Hutchins Drive P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3, Building D,
P.O. Box 1586, Gardenia Court, Camana Bay,
Grand Cayman, KY1-1100, Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F
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338 King's Road
North Point Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Kowloon Bay,
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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Shenzhen, China

CONTACTS

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WEBSITE

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STOCK

1129



	Six months ended 30 June		
	2025	2024	Change
	HK\$'000	HK\$'000	%
		(Restated)	
Financial Results			
Revenue	118,051	316,051	(62.65%)
Gross profit	1,669	57,139	(97.08%)
Loss for the period	(64,740)	(77,301)	(16.25%)
Loss attributable to owners of the Company	(59,616)	(78,821)	(24.37%)
Loss per share (HK cents)			
— Basic and diluted	(11.31)	(27.43)	(58.77%)
EBITDA (Note 1)	20,310	45,640	(55.50%)
	As at	As at	
	30 June	31 December	
	2025	2024	Change
	HK\$'000	HK\$'000	%
Financial Position			
Total assets	2,276,103	2,319,171	(1.86%)
Total liabilities	1,166,118	1,264,139	(7.75%)
Current assets	1,010,077	1,010,102	–
Current liabilities	792,073	802,261	(1.27%)
Current ratio	1.28 times	1.26 times	1.58%
Cash and cash equivalents	44,795	45,156	(0.80%)
Gearing ratio (Note 2)	51.23%	54.51%	(6.02%)
Net asset value	1,109,985	1,055,032	5.21%
Equity attributable to owners of the Company	857,553	796,204	7.71%
Equity attributable to owners of the Company per share (HK\$)	1.63	2.77	(41.16%)

Note 1: Profit before finance costs, income tax, depreciation and amortisation.

Note 2: Gearing ratio was calculated by dividing the total liabilities over the total assets.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Notes	Six months ended 30 June	
		2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited) (Restated)
Revenue	4	118,051	316,051
Cost of sales		(116,382)	(258,912)
Gross profit		1,669	57,139
Other income, net		10,425	13,498
Selling and distribution expenses		(1,450)	(18,352)
Administrative expenses		(51,453)	(91,131)
Finance costs	6	(24,631)	(29,339)
Impairment loss recognised on trade and other receivables		–	(5,501)
Share of profit/(loss) of associates		564	(196)
Share of profit of joint ventures		–	182
Loss before tax		(64,876)	(73,700)
Income tax expense	7	136	(3,601)
Loss for the period	8	(64,740)	(77,301)
Attributable to:			
Owners of the Company		(59,616)	(78,821)
Non-controlling interests		(5,124)	1,520
		(64,740)	(77,301)
Loss per share (HK Cents)			
Basic and diluted	9	(11.31)	(27.43)



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	(64,740)	(77,301)
Other comprehensive loss for the period		
Items that may be reclassified subsequently to loss:		
Exchange difference on translation of financial statements of foreign operations:		
Exchange difference arising during the period	12,997	(12,004)
	12,997	(12,004)
Financial assets at fair value through other comprehensive income:		
Net gain/(loss) arising on revaluation of financial assets at fair value through other comprehensive income during the period	5,024	(805)
Share of other comprehensive gain/(loss) of associates	28	(36)
Share of other comprehensive loss of joint ventures	–	(159)
Other comprehensive gain/(loss) for the period, net of income tax	18,049	(13,004)
Total comprehensive loss for the period	(46,691)	(90,305)
Attributable to:		
Owners of the Company	(42,465)	(89,769)
Non-controlling interests	(4,226)	(536)
	(46,691)	(90,305)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

		At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
	Notes		
Non-current assets			
Property, plant and equipment	11	452,396	446,588
Deposits paid for acquisition of property, plant and equipment		132,250	130,236
Deposits paid for acquisition of additional interests in a subsidiary		55,878	55,878
Right-of-use assets		155,823	193,057
Operating concessions		201,689	210,403
Receivables under service concession arrangements		5,924	6,587
Investment properties		177,759	175,052
Other intangible assets		74,182	81,643
Financial assets at fair value through other comprehensive income	12	2,885	2,633
Interests in associates		1,971	1,380
Deferred tax assets		5,269	5,612
		1,266,026	1,309,069
Current assets			
Inventories		51,815	57,589
Receivables under service concession arrangements		1,663	1,769
Financial assets at fair value through profit or loss	12	11,449	11,274
Trade and other receivables	13	899,756	893,724
Contract assets		599	590
Cash held by financial institutions		151	162
Pledged bank deposits		20,334	20,334
Restricted bank deposits		2,260	3,236
Bank balances and cash		22,050	21,424
		1,010,077	1,010,102



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

	Notes	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
Current liabilities			
Trade and other payables	14	346,682	359,523
Contract liabilities		22,509	22,374
Bank borrowings		135,032	107,755
Other loans		114,705	137,153
Lease liabilities		154,666	157,166
Amounts due to non-controlling shareholders of subsidiaries		804	1,598
Amounts due to an associate		947	233
Income tax payables		16,728	16,459
		792,073	802,261
Net current assets			
		218,004	207,841
Total assets less current liabilities			
		1,484,030	1,516,910
Capital and reserves			
Share capital	15	63,219	28,736
Share premium and reserves		794,334	767,468
Equity attributable to owners of the Company		857,553	796,204
Non-controlling interests		252,432	258,828
TOTAL EQUITY			
		1,109,985	1,055,032
Non-current liabilities			
Trade and other payables	14	26,165	26,226
Bank borrowings		216,174	257,058
Other loans		56,069	61,084
Lease liabilities		48,433	86,885
Government grants		798	1,179
Deferred tax liabilities		26,406	29,446
		374,045	461,878
		1,484,030	1,516,910

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Share capital HK\$'000	Share premium HK\$'000	Revaluation reserve HK\$'000	Translation reserve HK\$'000	Reserve fund HK\$'000	Fair value reserve (non- recycling) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling Interests HK\$'000	Total equity HK\$'000
At 1 January 2025										
(audited)	28,736	1,312,810	901	(142,632)	112,903	(4,321)	(512,193)	796,204	258,828	1,055,032
Changes in equity for the six months ended 30 June 2025:										
Loss for the period	-	-	-	-	-	-	(59,616)	(59,616)	(5,124)	(64,740)
Other comprehensive loss for the period	-	-	-	12,127	-	5,024	-	17,151	898	18,049
Total comprehensive loss for the period	-	-	-	12,127	-	5,024	(59,616)	(42,465)	(4,226)	(46,691)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(2,169)	(2,169)
Issue of new share under placing	5,747	6,774	-	-	-	-	-	12,521	-	12,521
Issue of shares upon right issue	28,736	62,556	-	-	-	-	-	91,292	-	91,292
At 30 June 2025										
(unaudited)	63,219	1,382,140	901	(130,505)	112,903	703	(571,809)	857,552	252,433	1,109,985



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Share capital HK\$'000	Share premium HK\$'000	Revaluation reserve HK\$'000	Translation reserve HK\$'000	Reserve fund HK\$'000	Fair value reserve (non- recycling) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling Interests HK\$'000	Total equity HK\$'000
At 1 January 2024										
(audited)	28,736	1,312,810	1,780	(130,968)	153,264	(5,084)	(231,151)	1,129,387	511,857	1,641,244
Changes in equity for the six months ended 30 June 2024:										
Loss for the period	–	–	–	–	–	–	(78,821)	(78,821)	1,520	(77,301)
Other comprehensive loss for the period	–	–	–	(10,143)	–	(805)	–	(10,948)	(2,056)	(13,004)
Total comprehensive loss for the period	–	–	–	(10,143)	–	(805)	(78,821)	(89,769)	(536)	(90,305)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(2,399)	(2,399)
At 30 June 2024										
(unaudited)	28,736	1,312,810	1,780	(141,111)	153,264	(5,889)	(309,972)	1,039,618	508,922	1,548,540

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	2,427	17,500
NET CASH FROM INVESTING ACTIVITIES	2,637	23,089
NET CASH USED IN FINANCING ACTIVITIES	(4,708)	(105,941)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	356	(65,352)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	41,920	148,785
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	259	(5,892)
CASH AND CASH EQUIVALENTS AT 30 JUNE	42,535	77,541
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
CASH HELD BY FINANCIAL INSTITUTIONS	151	162
PLEDGED BANK DEPOSITS	20,334	20,334
BANK BALANCES AND CASH	22,050	57,045
CASH AND CASH EQUIVALENTS AT 30 JUNE	42,535	77,541



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. COMPANY INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section of this report.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars (“**HK\$**”). Other than those subsidiaries established in the People’s Republic of China (the “**PRC**”) and Indonesia, whose functional currency is Renminbi (“**RMB**”) and Rupiah respectively, the functional currency of the Company and its subsidiaries (collectively referred to as the “**Group**”) is HK\$.

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2024, except for the accounting policy changes set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for current accounting period of the Group.

Amendments to HKAS 21

Lack of Exchangeability

None of these amendments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

4. REVENUE

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Water supply services	–	53,096
Sewage treatment services	27,927	46,437
Water supply related installation and construction income	–	57,550
Water supply and sewage treatment infrastructure construction income	56	34,832
Sale of electricity	53,401	91,001
Sale of compressed natural gas	4,342	6,834
Service income from collection of landfill gas	822	203
Sale of solid organic fertilizer	–	2,242
Services income from collection and recycling of glass bottles	20,721	18,008
Services income from collection of food waste	10,782	5,848
	118,051	316,051

5. SEGMENT INFORMATION

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

In the second half of 2024, the Board of the Company has reassessed the Group's operation and measurement of financial performance assessment and identified waste management and recycling as a separate and reportable segment of the Group. Comparative figures have been reclassified to conform to the current period's segment presentation of the Group.

The Group has identified the following reportable segments:

- (i) "Provision of sewage treatment and related construction services" segment, which derives revenues primarily from the provision of sewage treatment operations and related construction services;
- (ii) "Exploitation and sale of renewable energy" segment, which derives revenues primarily from sales of electricity and compressed natural gas from biogas power plants and solid organic fertilizer from comprehensive utilization of straw and livestock and poultry waste;



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

5. SEGMENT INFORMATION (Continued)

- (iii) “Property investment and development” segment, which derives revenues primarily from sale of commercial and residential units; and
- (iv) “Waste management and recycling” segment, which derives revenue primarily from services income from collection and recycling of glass bottles and service income from collection of food waste.

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

Segment turnover and results

The following is an analysis of the Group’s turnover and results by reportable and operating segments.

For the period ended 30 June 2025

	Provision of sewage treatment and related construction services HK\$'000	Exploitation and sale of renewable energy HK\$'000	Property investment and development HK\$'000	Waste management & recycling HK\$'000	Total HK\$'000
Reportable segment revenue					
Disaggregated by timing of revenue recognition:					
Point in time	27,927	58,565	–	31,503	117,995
Over time	56	–	–	–	56
Reportable segment revenue	27,983	58,565	–	31,503	118,051
Reportable segment profit/(loss)	7,578	(50,742)	(522)	750	(42,936)
Unallocated corporate expenses					(13,747)
Interest income					4
Interest on fixed coupon bonds and other loans					(8,197)
Loss before taxation					(64,876)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

5. SEGMENT INFORMATION *(Continued)*

Segment turnover and results *(Continued)*

For the period ended 30 June 2024

	Provision of water supply, sewage treatment and construction services HK\$'000	Exploitation and sale of renewable energy HK\$'000	Property investment and development HK\$'000	Waste management & Recycling HK\$'000 (Restated)	Total HK\$'000 (Restated)
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Reportable segment revenue

Disaggregated by timing of
revenue recognition:

Point in time	99,533	100,280	–	23,856	223,669
Over time	92,382	–	–	–	92,382

Reportable segment revenue	191,915	100,280	–	23,856	316,051
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Reportable segment profit/(loss)	8,445	(55,299)	850	1,701	(44,303)
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Unallocated corporate expenses					(22,834)
Interest income					21
Interest on fixed coupon bonds and other loans					(6,584)

Loss before taxation					(73,700)
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

5. SEGMENT INFORMATION (Continued)

Other segment information

For the period ended 30 June 2025

	Provision of sewage treatment and related construction services HK\$'000	Exploitation and sale of renewable energy HK\$'000	Property investment and development HK\$'000	Waste management & recycling HK\$'000	Corporate HK\$'000	Total HK\$'000
Interest income	1	24	–	333	4	362
Interest expenses	(2,046)	(12,085)	(1,620)	(683)	(8,197)	(24,631)
Share of profit of associates	–	564	–	–	–	564
Depreciation of:						
— Property, plant and equipment	(135)	(25,796)	(10)	(352)	(725)	(27,018)
— Right-of-use assets	(144)	(10,334)	(289)	(1,520)	(813)	(13,100)
Amortisation of:						
— Concession intangible assets	(6,232)	(5,459)	–	–	–	(11,691)
— Other intangible assets	–	(8,746)	–	–	–	(8,746)
Gain on disposal of property, plant and equipment	–	52	–	–	–	52
(Write off)/back of:						
— Property, plant and equipment	(144)	(1,582)	–	–	–	(1,726)
— Concession intangible assets	–	466	–	–	–	466
Additions to non-current assets	61	2,493	1,285	92	935	4,866

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

5. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the period ended 30 June 2024

	Provision of water supply, sewage treatment and construction services HK\$'000	Exploitation and sale of renewable energy HK\$'000	Property investment and development HK\$'000	Waste Management & recycling HK\$'000 (Restated)	Corporate HK\$'000 (Restated)	Total HK\$'000 (Restated)
Interest income	44	73	1	416	21	555
Interest expenses	(3,704)	(18,327)	(2)	(722)	(6,584)	(29,339)
Share of profit/(loss) of associates	79	(275)	–	–	–	(196)
Share of profit of Joint ventures	182	–	–	–	–	182
Depreciation of:						
— Property, plant and equipment	(2,131)	(26,324)	(2)	(349)	(723)	(29,529)
— Right-of-use assets	(775)	(19,226)	(294)	(1,604)	(728)	(22,627)
Amortisation of:						
— Concession intangible assets	(20,903)	(6,594)	–	–	–	(27,497)
— Other intangible assets	–	(10,103)	–	–	(245)	(10,348)
Loss on disposal of property, plant and equipment	(14)	(412)	–	–	–	(426)
Write off of:						
— Property, plant and equipment	–	(3,314)	–	–	–	(3,314)
Impairment loss recognized on trade and other receivables	(128)	3	(529)	–	(4,847)	(5,501)
Additions to non-current assets	37,193	13,139	1,543	799	16,329	69,003



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

5. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

	Provision of water supply, sewage treatment and construction services HK\$'000	Exploitation and sale of renewable energy HK\$'000	Property investment and development HK\$'000	Waste Management & recycling HK\$'000	Corporate HK\$'000	Unallocated HK\$'000	Total HK\$'000
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As at 30 June 2025 (unaudited)

Reportable segment assets	252,983	1,433,930	404,646	54,391	130,153	–	2,276,103
Reportable segment liabilities	(101,381)	(562,853)	(267,484)	(32,647)	(179,189)	(22,564)	(1,166,118)

As at 31 December 2024

(audited)

Reportable segment assets	255,480	1,487,216	397,439	56,784	122,252	–	2,319,171
Reportable segment liabilities	(104,325)	(622,736)	(261,972)	(34,751)	(216,212)	(24,143)	(1,264,139)

6. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on:		
— bank borrowings	8,428	10,605
— other loans	9,418	8,722
— lease liabilities	6,825	11,590
Total borrowing cost	24,671	30,917
Less: interest capitalised included in construction in progress	(40)	(1,578)
	24,631	29,339

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
— Hong Kong Profits tax	—	—
Current tax		
— PRC Enterprise Income Tax ("EIT")	2,562	5,993
Deferred tax	(2,698)	(2,392)
	(136)	3,601

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$Nil) as the Company and its subsidiaries did not have assessable profit subject to Hong Kong profits tax for the period.

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

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Staff costs including Directors' emoluments		
— salaries, wages and other benefits	28,164	77,341
— retirement benefits scheme contributions	3,717	7,965
Total staff costs	31,881	85,306
Amortisation of:		
— concession intangible assets (included in cost of sales)	11,691	27,497
— other intangible assets	8,746	10,348
Depreciation of:		
— property, plant and equipment	27,018	29,529
— right-of-use assets	13,100	22,627
(Gain)/Loss on disposal of property, plant and equipment	(52)	426
Loss on disposal of concession intangible assets	—	23
Write off/(back) of:		
— property, plant and equipment	1,726	3,314
— concession intangible assets	(466)	—
Lease payments not included in the measurement of lease liabilities	718	1,067
Bank interest income	(343)	(555)
Net exchange (gain)/loss	(1,322)	375
Gross rental income from investment properties less direct outgoing of approximately HK\$51,000 (six months ended 30 June 2024: HK\$300,000)	(2,229)	(2,156)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

9. LOSS PER SHARE

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

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss attributable to the owners of the Company, used in the basic and diluted loss per share	(59,616)	(78,821)
	No. of shares	No. of shares (Restated)
Weighted average number of ordinary shares issued Basic and diluted	527,093,022	287,360,964
	HK cents	HK cents (Restated)
Loss per share: Basic and diluted	(11.31)	(27.43)

On 11 December 2024, the share consolidation became effective on the basis that (i) every ten (10) existing shares of par value of HK\$0.01 each in the issued and unissued share capital of the Company be consolidated into one (1) consolidated share of par value of HK\$0.1 each; and (ii) every ten (10) existing preference shares of par value of HK\$0.1 each in the unissued share capital be consolidated into one (1) consolidated preference share of par value of HK\$1.0 each. (the "**Share Consolidation**").

Comparative figures of the weighted average number of shares for calculating basic loss per share and diluted loss per share have been adjusted as if the Share Consolidation have been effective from 1 January 2024.

For the six months ended 30 June 2025 and 30 June 2024, diluted loss per share equals basic loss per share as there was no dilutive potential share.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

10. DIVIDENDS

The Directors of the Company do not recommend the payment of any interim dividend for the both reporting periods.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired property, plant and equipment amounted to approximately HK\$4,326,000 (including right-of-use assets of HK\$667,000 (six months ended 30 June 2024: approximately HK\$13,701,000 (including right-of-use assets of HK\$82,000))).

During the six months ended 30 June 2025, the Group disposed of property, plant and equipment with carrying amount of approximately HK\$2,524,000 (six months ended 30 June 2024: approximately HK\$285,000), and the Group wrote off of property, plant and equipment with carrying amount of approximately HK\$1,726,000 (six months ended 30 June 2024: HK\$3,314,000).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/OTHER COMPREHENSIVE INCOME

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
Listed equity securities, measured at fair value	2,885	2,633
Unlisted fund investments, measured at fair value	11,449	11,274
	14,334	13,907
Classified as:		
Financial assets at fair value through profit or loss		
— Current	11,449	11,274
Financial assets at fair value through other comprehensive income		
— Non-current	2,885	2,633
	14,334	13,907

The above financial assets contained equity securities listed in Hong Kong. The fair value of listed equity securities are determined based on the quoted market bid prices available on the Stock Exchange.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/OTHER COMPREHENSIVE INCOME (Continued)

Financial instruments carried at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Company's Directors are responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

At 30 June 2025 (Unaudited)				At 31 December 2024 (Audited)			
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000

Recurring fair value measurements

Assets

Financial asset at fair value through

other comprehensive income

— Listed	2,885	—	—	2,885	2,633	—	—	2,633
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Financial assets at fair value through

profit or loss

— Unlisted fund investments	—	—	11,449	11,449	—	—	11,274	11,274
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During the six months ended 30 June 2024, there were no significant transfer between instruments levels.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

13. TRADE AND OTHER RECEIVABLES

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
Trade receivables	815,200	794,061
Less: Loss allowance	(15,074)	(14,920)
	800,126	779,141
Other receivables	92,793	95,605
Less: Loss allowance	(43,486)	(42,895)
	49,307	52,710
Loan receivables	246,136	243,884
Less: Loss allowance	(245,497)	(243,295)
	639	589
Deposits and prepayments	49,684	61,284
	899,756	893,724

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

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
Within 90 days	43,027	53,618
91 to 180 days	14,592	20,933
181 to 365 days	45,161	46,058
Over 1 year	697,346	658,532
	800,126	779,141

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

14. TRADE AND OTHER PAYABLES

The following is an analysis of trade payables, presented based on the invoice date:

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
Within 90 days	17,016	19,013
91 to 180 days	5,955	7,785
181 to 365 days	6,277	29,268
Over 1 year	108,952	87,713
Trade payables	138,200	143,779
Other payables	214,122	227,397
Interest payables	20,525	14,573
	372,847	385,749
Amount due within one year included under current liabilities	346,682	359,523
Amount due after one year included under non-current liabilities	26,165	26,226
	372,847	385,749



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

15. SHARE CAPITAL

	At 30 June 2025 (Unaudited)		At 31 December 2024 (Audited)	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000

Authorised:

Ordinary shares				
At 1 January	20,000,000	2,000,000	200,000,000	2,000,000
Share Consolidation	–	–	(180,000,000)	–
At 30 June 2025 and At 31 December 2024	20,000,000	2,000,000	20,000,000	2,000,000

Issued and fully paid:

Ordinary shares				
At 1 January	287,361	28,736	2,873,610	28,736
Share Consolidation	–	–	(2,586,249)	–
Share capital issued under placing	57,472	5,747	–	–
Right issue share	287,361	28,736	–	–
At 30 June 2025 and At 31 December 2024	632,194	63,219	287,361	28,736

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

16. CAPITAL COMMITMENTS

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
Contracted but not provided for:		
— Acquisition of concession intangible assets, property, plant and equipment	1,177	1,484
	1,177	1,484

17. LITIGATIONS AND ARBITRATION

(a) Swift Surplus Holdings Limited, an indirect wholly-owned subsidiary of the Company

On 21 August 2012, the Company and its subsidiary of Swift Surplus Holdings Limited (“**Swift Surplus**”) (collectively as the “**Lenders**”) entered into repayment agreements (the “**Repayment Agreements**”) with the Sihui Sewage Treatment Co. Ltd.* (四會市城市污水處理有限公司) (the “**Sihui Sewage**”) and Top Vision Management Limited (“**Top Vision**”) (collectively as the “**Borrowers**”) together with their respective guarantors, pursuant to which, the Borrowers shall repay to the Lenders the loan receivables of approximately HK\$58,430,000 together with interest accrued thereon (the “**Loan Receivables**”). HK\$5,000,000 of the Loan Receivables will be repaid on or before 30 September 2012 and the remaining Loan Receivables shall be repaid on or before 31 December 2012. On 29 August 2012, the Company only received HK\$5,000,000 of the Loan Receivables. However, the remaining Loan Receivables of HK\$53,430,000 (the “**Remaining Loan Receivables**”) plus underlying interests were not yet received on 31 December 2012. On 22 March 2013, the Lenders have entered into supplemental deeds with the Borrowers together with their respective guarantors, pursuant to which, approximately HK\$18,030,000 of the Remaining Loan Receivables and underlying interests shall be repaid to the Lenders on or before 21 March 2014 (the “**Partial Payment of the Remaining Loan Receivables**”). Nevertheless, Swift Surplus and Top Vision and its guarantors could not reach an agreement in respect of the terms and date of the repayment of the outstanding balance of HK\$35,400,000 of the Remaining Loan Receivables and underlying interests (the “**Outstanding Balance**”). Despite the Company several requests and demands, Top Vision failed to effect payment of the Outstanding Balance. On 14 May 2013, the Company instructed its legal counsel to file the writ of summons (the “**Writ**”) to the High Court of Hong Kong Special Administrative Region (the “**High Court**”) to recover the Outstanding Balance from Top Vision. On 25 June 2013, the High Court adjudged a final judgment that Top Vision shall pay the Outstanding Balance to Swift Surplus (the “**Final Judgment**”). Top Vision has not performed the repayment obligation under the judgment issued by the High Court. The Company cannot locate any asset of Top Vision in Hong Kong. As advised by the legal counsel, without information on the assets of Top Vision in Hong Kong, the Company cannot enforce the Final Judgment against Top Vision. As the major assets owned by the subsidiaries of Top Vision are located in Guangdong Province, the PRC, the Company had undertaken recovery actions including but not limited to legal actions taken in PRC to collect the Remaining Loan Receivables.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

17. LITIGATIONS AND ARBITRATION *(Continued)*

(a) **Swift Surplus Holdings Limited, an indirect wholly-owned subsidiary of the Company** *(Continued)*

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

17. LITIGATIONS AND ARBITRATION *(Continued)*

(a) **Swift Surplus Holdings Limited, an indirect wholly-owned subsidiary of the Company** *(Continued)*

On 6 March 2018, Liquidators informed Creditors that Top Vision sold its entire shareholding in Top Vision Huizhou to Tai Heng Construction Holding Ltd. ("**Tai Heng**") without payment of purchase consideration of RMB1 million. The Liquidator obtained a judgement from the High Court under the action of HCA 2448/2017 on 7 January 2019 against Tai Heng in favour of Top Vision, under which Tai Heng should repay approximately HK\$3,900,000 being principal and interest, and the Court further awarded judgement interest at a rate of 8% p.a. from 23 October 2017 to 31 December 2018 and 8.08% p.a. from 1 January 2019 to the date of payment (the "**Judgement Debts**"). The Liquidator proposed a demand letter of the Judgement Debt to Tai Heng on 29 January 2019 but failed to receive any reply from Tai Heng. Therefore, the Liquidators are prepared to issue statutory demand against Tai Heng. If Tai Heng fail to reply, the Liquidators may further pursue winding-up application against Tai Heng. On 16 April 2019, the Company filed the witness statements and documentary evidence (collectively known as "**Evidence**") to the High Court. But the Borrowers failed to file and serve their respective Defence & Counterclaim as well as their Evidence. The Company applied to the Tribunal to arrange the arbitral hearing. On 16 March 2020, the arbitrator of HKIAC made an arbitration award that each guarantor shall jointly and severally liable to repay the principals together with the interest accrued thereon to the Lenders. On 29 March 2020, HKIAC has appointed a sole arbitrator for this arbitration proceedings. On 30 November 2021, the Swift Surplus had submitted the application to the Sihui City People's Court for the resumption of civil enforcement on Top Vision. In January 2022, Swift Surplus re-submitted the application to the Sihui City People's Court again for the resumption of execution of the final judgement granted in July 2015 to continue to freeze the entire equity interest on Sihui Sewage for another 3 years till July 2025. In January 2022, the Lenders petitioned to the Shenzhen Intermediate People's Court and the Zhaoqing Intermediate People's Court for recognition and enforcement of Hong Kong awarded arbitrations in order to collect the debt from the guarantors. But the guarantor refused to recognise the verdict of the Zhaoqing Intermediate People's Court, they filed an appeal with the Guangdong Province Higher People's Court. In June 2022, Sihui City People's Court accepted the application and adjudged to freeze the entire equity interest held by Top Vision on Sihui Sewage for addition 2 years from June 2022 to June 2024. On 22 May 2023, the Zhaoqing Intermediate People's Court and the Guangdong Higher People's Court recognised and acknowledged for enforcement in Mainland China the arbitral award of the guarantors (the "**Guarantor's Award**"). The Guangdong Province Higher People's Court issued a judgement efficacy certificate on 8 August 2023, allowing the Company to enforce the Guarantor's Award in China. The Zhaoqing Intermediate People's Court acknowledged the enforcement of the Guarantors' Award in mainland China on 11 August 2023. In March 2024, Swift Surplus had submitted the application to Sihui City People's Court again for the purpose of continuing to freeze all equity interests in Sihui Sewage. The Sihui City People's Court ruled to freeze all equity interest in Sihui Sewage for an additional two years for the period from June 2024 to June 2026. On 17 May 2024, the Zhaoqing Intermediate People's Court failed to locate any executable assets from Sihui Sewage and ruled to terminate the execution of the case. The court stated that it would resume the execution in accordance with the law if any executable assets are identified in the future. On 6 September 2024, the Shenzhen Intermediate People's Court recognized and confirmed the arbitration award against the enforcement guarantors, Yang Weihua and Yang Weiguang, in China. On 17 October 2024, the Shenzhen Intermediate People's Court issued the arbitration ruling against the guarantors Yang Weihua and Yang Weiguang. Subsequently, on 21 February 2025, the Shenzhen Intermediate People's Court failed to locate any executable assets from Yang Weihua and ruled to terminate the execution. The court noted that the execution would resume in accordance with the law upon discovering any executable assets. In July, 2025, upon discovering that Sihui Sewage possesses assets available for enforcement, the Zhaoqing Intermediate People's Court (肇慶市中級人民法院) resumed enforcement proceedings. Up to the date of this report, the legal processing in PRC is still in progress. The loan receivables from Top Vision of HK\$41.16 million were fully impaired.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

17. LITIGATIONS AND ARBITRATION *(Continued)*

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

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

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

The dispute over cooperative contract between Guangzhou Hyde and Yunnan Chaoyue Gas was applied to Guangzhou Arbitration Commission ("**Commission**") for arbitration on 24 February 2012. The Commission accepted the case and started a trail on 5 June 2012. After the trail, arbitration tribunal ruled an award on 12 June 2012, adjudging that Yunnan Chaoyue Gas should pay Guangzhou Hyde the principal of RMB8,560,000 and overdue interests thereon; and the relevant arbitration fees.

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

17. LITIGATIONS AND ARBITRATION *(Continued)*

(b) **Guangzhou Hyde Environmental Protection Technology Co., Ltd., an indirect wholly-owned subsidiary of the Company** *(Continued)*

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

(c) **New China Water (Nanjing) Energy Company Limited* (新中水(南京)能源有限公司), an indirect wholly-owned subsidiary of the Company**

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

17. LITIGATIONS AND ARBITRATION *(Continued)*

(c) **New China Water (Nanjing) Energy Company Limited*** (新中水(南京)能源有限公司), an indirect wholly-owned subsidiary of the Company *(Continued)*

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

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

In June 2023, the parties involved signed Settlement Agreement 1 (the "**Settlement Agreement 1**") and fulfilled their obligations. The Xuanwu People's Court ruled to halt New China Water Carbon's execution. New China Water Carbon was no longer a subsidiary of the Company upon the completion of disposal in June 2023. The relevant parties signed Settlement Agreement 2 (the "**Settlement Agreement 2**") in August 2023, and then Jinling Construction has petitioned the Xuanwu People's Court to withdraw enforcement against New China Water Energy. The Xuanwu People's Court ruled to terminate the execution of the case. As of the date of this report, New China Water Energy has not fully satisfied its obligations under the Civil Mediation Letter, but partial payments have been made. The Settlement Agreement 2 is currently undergoing implementation. Up to the date of this report, the PRC legal proceeding is still ongoing.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

17. LITIGATIONS AND ARBITRATION *(Continued)*

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

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

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

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

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

On 3 December 2021, Swan Heng Chang and Swan Investment were served by the court as defendants subject to enforcement for failing to fulfill their obligations under the civil mediation order. On 10 March 2022, upon application by CMDC, the land use right legally owned by Swan Heng Chang was seized by the Huizhou Court for the period from 10 March 2022 to 9 March 2025. According to the civil mediation letter, the default payment including interest in total of RMB11.38 million recorded in other payable during the year. Up to the date of this report, the parties are negotiating the settlement agreement and the relevant legal proceeding is still in process.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

17. LITIGATIONS AND ARBITRATION *(Continued)*

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

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

Zhongrongyu Construction and Swan Heng Chang are recently in dispute of certain construction payments in respect of the Construction Contract II and Zhongrongyu Construction has filed a lawsuit with the Huicheng District People’s Court of Huizhou City against Swan Heng Chang and Swan Investment as co-defendants, claiming for the settlement of the construction payments and liquidated damages. In December 2024, the Huicheng District People’s Court of Huizhou City ruled that: 1. Swan Heng Chang shall pay construction costs amounting to RMB15.67 million (the “**Construction Cost**”), along with liquidated damages and appraisal fees. 2. Swan Investment shall bear joint and several liability for the debt. 3. Zhongrongyu Construction holds a priority right to compensation within the scope of Construction Cost for the completed construction work at the project of Honghu Blue Valley Wisdom Square project, whether through negotiated sale or auction proceeds. Such Construction Cost recorded as an other payable during the year. Up to the date of this report, the PRC legal proceeding is still ongoing.

- (iii) In March 2019, Swan Heng Chang entered into a loan agreement and a mortgage and guarantee agreement with Huicheng Sub-branch of Huizhou Rural Commercial Bank Co., Ltd. (the “**Huicheng Sub-branch**”), pursuant to which Swan Heng Chang borrowed RMB45,000,000 (the “**Loan**”) from Huicheng Sub-branch. To secure the Loan, Swan Investment entered into a share pledge agreement with Huicheng Sub-branch, while Swan Investment, China Ace Investment Limited (“**China Ace**”), the Company, and Ms. Deng Xiaoting (“**Ms. Deng**”) entered into a guarantee agreement with Huicheng Sub-branch. Recently, Huicheng Sub-branch filed a lawsuit with the Huicheng District People’s Court of Huizhou City against Swan Heng Chang, Swan Investment, China Ace, the Company, and Ms. Deng (collectively referred to as the “**Co-Defendants**”), demanding repayment of the outstanding loan balance of approximately RMB36,080,000 and related interest which recorded as the bank loan during the year. As at the date of this report, the legal proceedings in the PRC remain ongoing.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

17. LITIGATIONS AND ARBITRATION *(Continued)*

(e) **China Water Industry Group Limited (中國水業集團有限公司) and China Water Industry (HK) Limited (中國水業(香港)有限公司), an indirect wholly-owned subsidiary of the Company**

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

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

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

Each of the Investors have filed a lawsuit with the Shenzhen Qianhai Cooperation District People’s Court against the Company and China Water (HK) as co-defendants, claiming for the repayment of the outstanding balance of the Repurchase Equity Consideration in the aggregate sum of approximately RMB22.90 million and the underlying interest. In June 2025, the Qianhai Cooperation Zone People’s Court of Shenzhen* (深圳前海合作區人民法院) (the “**Qianhai Court**”) rendered a judgment ordering the Company and China Water (HK) to pay SZQH the equity transfer consideration, including the investment amount of RMB22.74 million, as well as accrued interest and penalties for breach of contract. In July 2025, the Qianhai Court rendered a separate judgment ordering the Company and China Water (HK) to pay Zhuhai Hengqin an investment amount of RMB0.16 million, together with applicable interest and penalties for breach of contract. Up to the date of this report, the parties are actively engaged in negotiations regarding a settlement arrangement. The PRC legal proceedings is still ongoing.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

17. LITIGATIONS AND ARBITRATION (Continued)

- (f) **Changsha New China Water Environmental Technology Company Limited, Qingyuan City Greenspring Environmental Technology Company Limited, Shenzhen City New China Water Environmental Technology Company Limited and Hainan Camda New Energy Company Limited, all being indirect non-wholly owned subsidiaries of the Company**

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

In August 2024, Changsha New China Water, Qingyuan City Greenspring, Shenzhen City New China Water and Hainan Camda (collectively known as “**Lessees**”) together with the relevant guarantors (the “**Guarantors**”) under the respective finance lease agreements had reached settlement agreements with Rosino Leasing through the mediation by the Shanghai Pudong New Area People’s Court (the “**Pudong Court**”). The Pudong Court issued civil mediation agreements (the “**Civil Mediation Agreements**”), which required Changsha New China Water, Qingyuan City Greenspring, Shenzhen City New China Water and Hainan Camda shall repay Rosino Leasing the outstanding balance of lease consideration of RMB18.70 million, RMB8.73 million, RMB18.08 million and RMB4.37 million respectively. In November 2024, as the Lessees and the Guarantors failed to repay the outstanding sums in accordance with the Civil Mediation Agreements, Rosino Leasing had applied to Pudong Court for the enforcement of the Civil Mediation Agreements. In December 2024, the case was terminated due to statutory reasons. The aforesaid outstanding lease consideration recorded as the lease liabilities as at 30 June 2025. Up to the date of this report, the Lessees and the Guarantors are in the course of negotiating with Rosino Leasing in respect of the settlement of the outstanding sums and the relevant legal proceedings are still ongoing.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

17. LITIGATIONS AND ARBITRATION (Continued)

- (g) **Anqiu City New China Water Environmental Technology Limited, Xiangtan New China Water Biomass Power Generation Co., Ltd., Hengyang New China Water Environmental Protection Technology Co., Ltd., Baoji City Electric Power Development Co., Limited, Wuzhou City New China Water New Renewable Resources Company Limited, Hunan Liuyang New China Water Environmental Technology Limited, all being indirect non-wholly owned subsidiaries of the Company**

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

Haitong Leasing has filed lawsuits with the Shanghai Huangpu District People’s Court against Lessee A, Lessee B, Lessee C, Lessee D, Lessee E and Lessee F and the guarantors, demanding repayment of outstanding principal amounts of RMB14 million, RMB14 million, RMB11 million, RMB11 million, RMB7 million and RMB7 million, respectively, along with related interest. In May 2025, Lessee A, Lessee B, Lessee C, Lessee D, Lessee E, Lessee F, and the Guarantor reached a settlement agreement with Haitong Leasing through mediation facilitated by the Shanghai Huangpu District People’s Court* (上海市黃浦區人民法院) (the “**Shanghai Huangpu Court**”). Pursuant to the mediation, the Shanghai Huangpu Court issued a civil mediation document (the “**Civil Mediation Document**”), requiring Lessee A, Lessee B, Lessee C, Lessee D, Lessee E, and Lessee F respectively to pay Haitong Leasing the following amounts in financing lease payments: RMB13.23 million; RMB13.23 million; RMB10.70 million; RMB9.93 million; RMB6.62 million; and RMB6.62 million. As at 30 June 2025, the aforesaid outstanding principal amounts recorded as the lease liabilities. Up to the date of this report, the Lessees are in the course of negotiating with Haitong Leasing in respect of the settlement of the outstanding sums and the legal proceedings in the PRC remain ongoing.

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

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

18. MATERIAL RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

(a) Details of the balances with related parties

In addition to those related party balances disclosed elsewhere in the condensed consolidated interim financial statements, the Group entered into the following material related party transactions, which also included connected transactions under the Listing Rules as at the six months ended:

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
Loans payable to a related party (Note (i))	54,500	85,000
Leases liabilities to a related party	–	479
Other payable to a related party (Note (iv))	5,997	5,419

(b) Related party transactions

Save as disclosed in elsewhere to the condensed consolidated interim financial statements, the Group have the following related party transactions.

Name of related party	Relationship	Nature of transaction	Six months ended 30 June 2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Kingston Finance Limited	Note (i)	Interest expenses of loan financing	5,263	3,740
Kingston Finance Limited		Handling charges	75	–
Excellent Point Asia Limited		Interest expenses of loan financing	–	427
Kingston Corporate Finance Limited		Advisory fee of corporate finance services	–	100
Kingston Securities Limited	Note (ii)	Commission fee for placing	2,321	–
Star Wing International Limited	Note (iii)	Lease payment	483	483
United Swift Limited	Note (iv)	Service fee	9,489	5,146

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

18. MATERIAL RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (Continued)

(b) Related party transactions (Continued)

Note (i) Financial Assistance Received by the Group.

As at 30 June 2025, the loans including Loan A, Loan B and Loan C due to Kingston Finance Limited was HK\$54.50 million. For the First Half 2025, the interest expenses incurred for the loans financing were approximately HK\$5.26 million. The following is the analysis of the aforesaid loan:

On 29 June 2021, Mrs. Chu Yuet Wah ("**Mrs. Chu**") acquired entire equity interests in Step Wide Investment Limited (the "**Step Wide**"). Step Wide is a substantial shareholder of the Company which Mrs. Chu is the beneficial owner. Mrs. Chu is deemed to be interested in the shares held by Step Wide by virtue of the SFO. Kingston Finance Limited (the "**Lender I**") is indirectly wholly-owned by Mrs. Chu. Accordingly, The Lender I is an associate of Mrs. Chu (as defined in the Listing Rules) and thus became a connected person of the Company on 29 June 2021.

Prior to Mrs. Chu becoming the substantial shareholder of the Company, on 19 March 2021, China Water Industry (HK) Limited (the "**Borrower I**"), a wholly-owned subsidiary of the Company entered into loan agreement with the Lender I for HK\$80.00 million (the "**Loan A**") at an interest rate of 15% per annum and repayable within one year. The drawdown date for the Loan A was on 19 March 2021. Loan A was secured by the shares of two subsidiaries of the Company and corporate guarantee provided by the Company. Such loan transaction was one-off and non-revolving in nature. The interest expenses in respect of Loan A paid to the Lender I pursuant to the terms stipulated in the loan agreement entered into with the Lender I in March 2021, prior to Mrs. Chu and the Lender I becoming connected persons of the Company. The Company considered that as of the date of execution of this loan agreement in March 2021 did not constitute connected party transaction of the Company. As at 30 June 2025, the remaining principal balance of Loan A recorded HK\$50 million which was mutually agreed to be repayable on demand.

On 3 October 2024, the Borrower I entered into a loan agreement with the Lender I for HK\$2 million (the "**Loan B**") at an interest rate of 12% per annum and repayable within six months. Loan B was secured by the corporate guarantee provided by the Company. During the Interim Period, partial repayment of HK\$0.50 million was made. As at 30 June 2025, the remaining balance of Loan B recorded HK\$1.50 million.

On 8 November 2024, the Company (the "**Borrower II**"), entered into a loan agreement with Lender I for HK\$33 million (the "**Loan C**") at an interest rate of 15% per annum and repayable within six months. Loan C was unsecured. During the Interim Period, partial repayment of HK\$30 million was made. As at 30 June 2025, the remaining balance of Loan C recorded HK\$3.00 million.

The entering into the above loan agreements in respect of Loan B and Loan C (the "**Loans**") constituted connected transactions of the Company as defined under Chapter 14A of the Listing Rules. However, given the aforesaid Loans were made for the benefit of the Group, on normal commercial terms with no security over the assets of the Group. In this regard, the Loans were fully exempt under Rule 14A.90 of the Listing Rules.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

18. MATERIAL RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (Continued)

(b) Related party transactions (Continued)

Note (ii) Commission fee for Placing

For the First Half 2025, the placing commission incurred for the provision of placing agency services by Kingston Securities Limited was approximately HK\$2.32 million (First Half 2024: Nil). Kingston Securities Limited is a subsidiary of Kingston Financial Group Limited. Mrs. Chu is the controlling shareholder of Kingston Financial Group Limited. Accordingly, Kingston Securities Limited is an associate of Mrs. Chu (as defined in the Listing Rules) and thus constitute a connected person of the Company. The provision of placing agency services constituted connected transaction of the Company under Chapter 14A of the Listing Rules. As the amount was less than 5% and HK\$3.00 million, such transaction was fully exempt under Rule 14A.76 (1)(c) of the Listing Rules.

Note (iii) Rental of Premise

On 26 August 2022, South Top Investment Limited, a wholly-owned subsidiary of the Company as the tenant, entered into a tenancy agreement (the “**Tenancy Agreement**”) with Star Wing International Limited (the “**Landlord**”) for leasing Office H, 8/F, Kingston International Centre, 19 Wang Chiu Road, Kowloon Bay, Hong Kong (the “**Premise**”), for a term of three years with commencement of 2 months rent free renovation period from 20 July 2022. The Premise has been used as the principal office of the Group in Hong Kong. The ultimate beneficial owner of the Landlord is Mrs. Chu, hence the Landlord is a connected person of the Company, the entry into the Tenancy Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules. In accordance with HKFRS 16 “Leases”, the Company recognised a right-of-use asset on its consolidated statement of financial position in connection with the lease of the Premises under the Tenancy Agreement. Accordingly, the lease transaction under the Tenancy Agreement regarded as an acquisition of asset by the Company for the purpose of the Listing Rules. The audited aggregated value of the right-of-use asset recognised by the Company under the terms of the Tenancy Agreement amounted to approximately HK\$2.58 million, which was the present value of total rent payable calculated in accordance with HKFRS 16. As the audited aggregated value of the right-of-use asset below 5% and less than HK\$3.00 million, it was fully exempt under 14A.76(1)(c) of the Listing Rules. During the Interim Period, lease payment of approximately HK\$0.48 million (First Half 2024: HK\$0.48 million) has been made.

Note (iv) Service Fee

Hong Kong Glass Resources Limited (“**HK Glass Resources**”), a wholly-owned subsidiary of the Company, had entered into a food waste collection services consulting agreement (the “**Agreement**”) with United Swift Limited (“**United Swift**”), an indirectly wholly-owned subsidiary of New Concepts Holdings Limited (stock code: 2221) (“**New Concepts**”) which is listed on the Main Board of the Stock Exchange. Mr. Zhu was interested in approximately 4.78% of the issued share capital of New Concepts up to the date of this report. The effective date of the Agreement commenced on 26 April 2024. Mr. Zhu Yongjun, being the chairman and executive Director of the Company, is also a director of each of HK Glass Resources, United Swift and New Concepts. In view of the Corporate partner of Mr. Zhu in the respective Companies, the revenue of consulting service is considered a related party transaction of the Group. For the First Half 2025, HK Glass Resources paid a service fee amounted to HK\$9.49 million (For the First Half 2024: HK\$5.15 million) to United Swift for the food waste collection consultancy and related services provided by United Swift to HK Glass Resources.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

18. MATERIAL RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (Continued)

(c) Compensation of key management personnel

The remuneration of Directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	2,041	2,832
Post-employment benefits	137	166
	2,178	2,998

19. COMPARATIVE FIGURES

As mentioned in note 5, the Group identified waste management and recycling as a separate and reportable segment as a result of the reassessment of the Group's operations and measurement of financial performance, certain comparative figures, including revenue, cost of sales, other operating income and expenses have been reclassified to conform to current period's performance and to provide comparative amounts in respect of items disclosed.

20. EVENT AFTER THE END OF THE INTERIM PERIOD

Details of events after the end of the Interim Period are set out in the section of Material Events During The Period Under Review.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Net loss for the Interim Period

Net loss for the six months ended 30 June 2025 (the “**First Half 2025**” or the “**Interim Period**”) was approximately HK\$64.70 million, compared to a net loss of HK\$77.30 million for the six months ended 30 June 2024 (the “**First Half 2024**”). Loss attributable to owners of the Company for the First Half 2025 was HK\$59.62 million (First Half 2024: loss of HK\$78.82 million).

Financial performance analysis of the Group is set out as follow:

	First Half 2025 The Group HK\$'000	First Half 2024 The Group HK\$'000 (Restated)	First Half 2025 VS First Half 2024 The Group HK\$'000
Revenue	118,051	316,051	(198,000)
Gross profit	1,669	57,139	(55,470)
Gross profit margin	1.41%	18.08%	(16.67%)
(Loss) after taxation	(64,740)	(77,301)	12,561
Attributable to:			
— owners of the Company	(59,616)	(78,821)	19,205
— non-controlling interests	(5,124)	1,520	(6,644)
	(64,740)	(77,301)	12,561

Comparing with the First Half 2024, the Board considered that the decrease in net loss attributable to equity shareholders of the Company, was mainly attributable to, among others, net impact of the following factors: (i) a decrease in administrative and selling expenses resulting from the implementation of stringent cost control measures across various operational and corporate functions; (ii) a reduction in finance costs due to a lower level of loan borrowings during the period; (iii) no impairment loss recognised on asset(s) in First Half 2025 as compared to the corresponding period in 2024; and (iv) the Group no longer consolidated the financial results of Yichun Water Industry Group Company Limited and its subsidiaries (“**Yichun Water Group**”) in the First Half 2025 as the disposal of Yichun Water Group was completed in September 2024, while the loss of Yichun Water Group in the First Half 2024 was included in the Group’s First Half 2024 results. However, these positive impacts were partially offset by the decline in revenue and gross profit derived from the renewable energy business, mainly resulting from the decrease in number of landfill sites in operation and the substantial reduction in the volume of on-grid electricity due to less available new garbage being delivered to the landfill sites for the generation of electricity as local incineration projects commenced in operation.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue and gross profit

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

For the First Half 2025, the Group's total revenue and gross profit recorded HK\$118.05 million and HK\$1.67 million respectively which dropped by HK\$198.00 million and HK\$55.47 million respectively as compared with the last corresponding period (First Half 2024: revenue HK\$316.05 million and gross profit HK\$57.14 million). The decline was primarily attributable to the disposal of Yichun Water Group and marked downturn in the performance of renewable energy business. The latter was mainly impacted by: (i) a substantial reduction in the volume of on-grid electricity, resulting from the development of local incineration projects and a decrease in the number of operational landfill sites; and (ii) a reduced number of service contracts awarded for landfill gas collection. These negative factors were partially offset by improved performance in other segments, including an increase in revenue from the sewage treatment business, driven by the implementation of a new tariff rate; and growth in income from the waste management and recycling operations.

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

Other income, net

For the First Half 2025, the other income, net amounted to HK\$10.43 million, (First Half 2024: other income, net of HK\$13.50 million), which decreased by HK\$3.07 million mainly due to the completion of disposal of Yichun Water Group in 2024.

For the First Half 2025, other income, net mainly consisted of income generated from VAT refund of HK\$5.99 million, government grants of HK\$0.96 million, rental income of HK\$2.28 million from investment properties, the sale of carbon emission target income of HK\$2.01 million, gain on disposal of equipment of HK\$1.01 million, net service income of HK\$0.21 million from the operation of landfill gas projects and interest income of HK\$0.36 million after the deduction of loss on disposal of property, plant and equipment (the "PPE") of HK\$1.67 million and the default interest payment in total of HK\$2.69 million incurred from certain projects of the renewable energy business.



MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses and administrative expenses

For the First Half 2025, the selling and distribution expenses of HK\$1.45 million, together with administrative expenses of HK\$51.45 million ("**Total Expenses**") of the Group collectively have dropped by HK\$56.58 million to HK\$52.90 million (First Half 2024: HK\$109.48 million) due to the implementation of rigorous cost control measures across various operational and corporate functions as well as the completion of disposal of Yichun Water Group in 2024. Total Expenses consisted of staff costs including social insurance payments of HK\$22.67 million, legal and professional fee (including audit fees) of HK\$7.17 million, repair and maintenance of HK\$0.20 million and depreciation (including amortization) of HK\$10.38 million (First Half 2024: HK\$109.48 million). As at 30 June 2025, the Group had 369 full-time employees, compared with 739 full-time employees as at 30 June 2024. The decrease in the number of staff was mainly due to the continued closure of certain landfill sites in 2024 and the disposal of Yichun Water Group. Total Expenses accounted for 44.81% of the total revenue of the Group, which was comparable to First Half 2024 of 34.64%, as most of the Total Expenses were non-variable in nature and would not decrease by the same magnitude when revenue decrease.

Share of results from associate

For the First Half 2025, the Group's share of gain amounted to HK\$0.56 million which was arising from Ziyang Oasis Xinzhong Water Environmental Protection Technology Co., Ltd.* (the "**Ziyang Oasis**") (資陽市綠州新中水環保科技有限公司) (First Half 2024: loss of HK\$0.20 million). As at 30 June 2025, the Group has one associated company of 49% equity interests in Ziyang Oasis.

Finance costs

For the First Half 2025, the finance costs for the Group amounted to HK\$24.63 million, representing a decrease of HK\$4.71 million compared to corresponding period in 2024 (First Half 2024: HK\$29.34 million). The reduction in finance costs was primarily attributable to the repayment of borrowings during the period, which resulted in a lower overall debt level relative to the same period last year.

Exposure to Exchange Rates Fluctuations

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

MANAGEMENT DISCUSSION AND ANALYSIS

TREASURY MANAGEMENT

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

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND FINANCIAL POSITION

Financial Position Analysis

As at 30 June 2025, the Group financed its operations with internally generated cash flows, bank loans and other borrowings. The Group recorded a cash and cash equivalents balance of HK\$44.80 million (as at 31 December 2024: HK\$45.16 million) including cash held at financial institutions of HK\$0.15 million, the restricted bank deposits of HK\$2.26 million and the pledged bank deposits of HK\$20.33 million. With steady operating cash flows, the Group is expected to have sufficient working capital to meet its financial obligations in full as they fall due in the foreseeable future. The cash and bank balance were denominated in HK\$ and RMB.

The net current assets for the Group at 30 June 2025 were HK\$218.00 million (as at 31 December 2024: HK\$207.84 million). The current ratio of the Group (current assets over current liabilities) was 1.28 times as at 30 June 2025 (as at 31 December 2024: 1.26 times).

As at 30 June 2025, the net asset value of the Group amounted to HK\$1,109.99 million (as at 31 December 2024: HK\$1,055.03 million).

As at 30 June 2025, the Group's consolidated total assets (including both current and non-current) decreased by HK\$43.07 million to HK\$2,276.10 million (as at 31 December 2024: HK\$2,319.17 million). The decrease was primarily due to the depreciation and amortization charges recognized during the period.



Fund-raising activities in the past 12 months

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

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

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

Use of proceeds from the Rights Issue	Intended use of Net Proceeds as disclosed in the Prospectus HK\$'million	Utilised Net Proceeds as at the date of this Report HK\$'million	Remaining Net Proceeds as at the date of this Report HK\$'million	Utilised the Remaining Net Proceeds as at 30 June 2025 HK\$'million
Repayment of debts	68.00	68.00	–	15.00
Investment in biomass gas project	15.00	–	15.00	–
General working capital of the Group	7.10	7.10	–	–
	90.10	75.10	15.00	15.00

The Company had fully utilised the Remaining Net Proceeds in June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

2. *Placing of new shares under general mandate*

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

Use of proceeds from the allotment and issued new shares under general mandate	Intended use of Net Proceeds HK\$' million	Actual use of proceeds as at 30 June 2025 HK\$' million
Repayment of debts	10.00	10.00
General working capital of the Group	2.60	2.60

For details, please refer to the MATERIAL EVENTS DURING THE YEAR UNDER REVIEW under the section of Fund Raising Activities.

Capital Expenditures

During the Interim Period, the Group incurred capital expenditures amounting to HK\$0.35 million (First Half 2024: 38.60 million) for acquisition of concession intangible assets.

INVESTMENT PROPERTIES

As at 30 June 2025, the Group held the following investment property in Nanjing for leasing:

Location	Usage	Approximately gross floor area (square meters)	Lease terms	% of occupancy rate	Group's interest (%)
Nanjing Property Project No. 88, Kangyuan Road, Qilin Science and Technology Innovation Park, Nanjing	Commercial	17,808.23	Long	65%	100%

As at 30 June 2025, the carrying value of Nanjing Property Project increased to HK\$177.76 million (as at 31 December 2024: HK\$175.05 million). The slight increase in investment properties by HK\$2.71 million was due to appreciation of RMB against HK\$. As at 30 June 2025 and as at 31 December 2024, the Nanjing Property Project has a total gross floor area of 17,808.23 square meters. For the First Half 2025, the gross rental income arising from Nanjing Property Project after deducting the related outgoings amounted to HK\$2.23 million (First Half 2024: HK\$2.16 million).



MANAGEMENT DISCUSSION AND ANALYSIS

INVENTORIES

As at 30 June 2025, the inventories of the Group recorded HK\$51.82 million, which comprised raw materials for the use of renewable energy business (as at 31 December 2024: HK\$57.59 million).

PORTFOLIOS AND PERFORMANCE OF SECURITIES INVESTMENTS

As at 30 June 2025, the fair value of securities investments of the Group (including held-for-trading investments and held-for-long term investments) was amounted to HK\$14.33 million (as at 31 December 2024: HK\$13.91 million) representing 0.63% of the total asset value of HK\$2,276.10 million as at 30 June 2025. The securities investments of the Group comprised listed securities in Hong Kong and investment funds in the PRC. The following analysis was of the Group's investments at the end of the reporting period:

List of stocks in terms of market value as at 30 June 2025

Name of stock listed on the Stock Exchange	Stock code	Brief description of the business	Number of shares held as at 30 June 2025	No. of issued ordinary share as at 30 June 2025	Effective interest held as at 30 June 2025	Initial investment cost HK\$'000	Market value as at 30 June 2025 HK\$'000	Unrealised/Realised gain/(loss) for the period ended 30 June 2025 HK\$'000	Accumulated unrealised holding gain/(loss) on revaluation HK\$'000	Classification	Dividend received/receivable during the period HK\$'000
China Best Group Holding Ltd	370	Trading of electronic product, building construction contracting business, project management service, centralised heating business and money lending business	1,528,000	2,091,500,991	0.07%	1,269	2,292	–	1,023	FVOCI	–
FY Financial (Shenzhen) Co., Ltd. — H Shares	8452	Provision of financial leasing, factoring, advisory services and customer referral services and the supply of medical equipment in the PRC and leasing of 5G base station and energy storage business	844,000	89,840,000	0.94%	988	203	–	(785)	FVOCI	–
China Tangshang Holdings Limited	674	Money lending business, property sub-leasing and investment business and property development business	3,580,000	3,428,466,570	0.10%	908	390	–	(518)	FVOCI	–
Chinese Energy Holdings Limited (note 2)	8009	General trading (including market sourcing of technical and electronic products); trading of LNG products; money lending and investment in financial assets	250	58,900,537	0.00%	2	–	–	(2)	FVPL	–
Sub-total							2,885	–	(282)		

MANAGEMENT DISCUSSION AND ANALYSIS

Name of stock listed on the Stock Exchange	Stock code	Brief description of the business	Number of shares held as at 30 June 2025	No. of issued ordinary share as at 30 June 2025	Effective interest held as at 30 June 2025	Initial investment cost HK\$'000	Market value as at 30 June 2025 HK\$'000	Unrealised/Realised gain/(loss) for the period ended 30 June 2025 HK\$'000	Accumulated unrealised holding gain/(loss) on revaluation HK\$'000	Classification	Dividend received/receivable during the period HK\$'000
Name of unlisted investment	Brief description of the business										
Guangdong Finance Industry Strategic Fund* (note 1)		Investment in unlisted equity	N/A		N/A	8,913	11,449	–	2,536	FVPL	–
Sub-total							11,449	–	2,536		
Total							14,334	–	2,254	–	–

Note 1: The functional currency of the investment is RMB. The initial investment cost is RMB8.13 million (equivalent to HK\$8.91 million). The market value as at 30 June 2025 is RMB10.44 million (equivalent to HK\$11.45 million).

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

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

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

For the First Half 2025, the Group recorded HK\$ Nil on FVPL (First Half 2024: HK\$ Nil). During the Interim Period, amid the ongoing geopolitical and economic tensions, the global economic recovery was characterised by uncertainty, the Board has scaled down short-term investment in equity trading and managed the investment portfolio in accordance with the Group's investment objectives and policies with a view to gaining good investment yields for our shareholders. In view of the above, the Board will monitor stock market development closely and capture opportunities in a prudent manner so as to balance the investment risks of the Group.



TRADE AND OTHER RECEIVABLES

As at 30 June 2025, the Group's trade and other receivables, (net of loss allowance) were approximately HK\$899.76 million (as at 31 December 2024: HK\$893.72 million), which comprised of: (i) net trade receivables of HK\$800.13 million, (ii) net other receivables of HK\$49.31 million, (iii) net loan receivables of HK\$0.64 million, and (iv) net deposits and prepayments of HK\$49.68 million.

As at 30 June 2025, trade receivables, (net of loss allowance) of the Group increased by HK\$20.99 million to HK\$800.13 million (as at 31 December 2024: HK\$779.14 million) which was primarily attributable to the addition of government on-grid tariff subsidies, the slowdown in payment of sewage treatment fees, and the revenue in the recycling business of glass and food waste collection.

(A) Trade receivables

- (i) The net trade receivables from the renewable energy business amounted to HK\$711.47 million (as at 31 December 2024: HK\$700.11 million) which comprised of: (i) the government on-grid tariff subsidies receivable amounted to HK\$702.30 million (as at 31 December 2024: HK\$686.04 million); and (ii) the electricity sales receivable from local grid companies of HK\$9.17 million (as at 31 December 2024: HK\$14.07 million), which in aggregate accounted for 88.92% of net trade receivables of the Group. The above-mentioned tariff subsidies receivables will be settled in accordance with the prevailing government payment policies including (i) Caijian [2020] No. 4 Guidelines on the Stable Development of Non-Water Renewable Energy Generation (關於促進非水可再生能源發電健康發展的若干意見) and Caijian [2020] No. 5 Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) updated in January 2020 which jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration; and (ii) Caijian [2020] No. 70 Notice on Accelerating the Review of the List of Renewable Energy Power Generation Subsidy Projects (加快推進可再生能源發電補貼項目清單審核有關工作的通知) published by Ministry of Finance in November 2020 and the prevalent payment trends of Ministry of Finance of the PRC. There were no pre-determined due date for settlement of the tariff subsidies. The trade receivables from renewable energy business were considered as fully recoverable given there were no bad debt experiences with the local grid companies in the past and the above-mentioned tariff subsidies were provided by the relevant PRC government authorities. During the period under review, the management has reassessed the credit risk based on the historical settlement records, the ageing of the tariff subsidies receivables and taking into account prevailing economic conditions as at 30 June 2025, the Group is confident on the recoverability of these account receivables. In light of this, no impairment loss on trade receivable relating to the renewable energy business was provided for the First Half 2025 (First Half 2024: HK\$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

- (ii) The net trade receivables from compressed natural gas & service income from collection of landfill gas & the sale of solid organic fertilizer amounted to HK\$6.89 million, representing 0.86% of the net trade receivables of the Group (as at 31 December 2024: HK\$7.61 million). The Group considered the default risk for such balances to be insignificant. For the First Half 2025, no impairment loss was recognized on these trade receivables (First Half 2024: Nil).
- (iii) The net trade receivables from the sewage treatment services amounted to HK\$59.00 million (as at 31 December 2024: HK\$48.91 million), representing 7.38% of the net trade receivables of the Group. The increase of HK\$10.39 million was mainly due to the increase in sewage treatment fees as a result of the completion of upgrading and modification work and the slowdown in payment of sewage treatment fees by the related local PRC government. Generally, trade receivables would be written off if the Group is of the view that the recovery of the amount was remote. In view of the historical repayment record, the Group considered the default risk for such balances to be insignificant and, the ECL to be minimal. No impairment loss was recognized on these trade receivables in First Half 2025 (First Half 2024: Nil).
- (iv) The net trade receivables from the sales of completed properties recorded HK\$10.04 million (as at 31 December 2024: HK\$10.10 million), representing 1.25% of the net trade receivables of the Group. Considerations in respect of the completed properties sold in Nanjing Property Project are payable by the purchasers in accordance with the terms of the related sales and purchase agreements. In the second half of 2022, the property of sales were handed over to customers. Those receivable balances are pending for their mortgage procedures. The Group considered the default risk for such balances to be insignificant. Accordingly, no impairment loss on this segment was provided for the First Half 2025 (First Half 2024: Nil).
- (v) The net trade receivables from the recycling business of glass and food waste collection amounted to HK\$12.73 million (as at 31 December 2024: HK\$12.15 million), representing 1.59% of the net trade receivables of the Group. The increase of HK\$0.58 million was mainly due to the operation of food waste collection commenced in March 2024, respectively, resulting in bringing new income to the Group. The Group considered the default risk for such balances to be insignificant. For the First Half 2025, no impairment loss was recognized on these trade receivables (First Half 2024: Nil).

(B) Net other receivables

As at 30 June 2025, the Group's other receivables, (net of loss allowance) dropped by HK\$3.40 million to HK\$49.31 million due to the refund of land acquisition funds. This reduction was partially offset by the appreciation of exchange rate of RMB (as at 31 December 2024: HK\$52.71 million). The balance of net other receivables represented mainly tax recoverable, refundable of legal enforcement fee, security deposits for research and development projects, and income receivable from the construction project. For the First Half 2025, no impairment allowance was recognized (First Half 2024: HK\$0.67 million).



(C) Net loan receivables

As at 30 June 2025, loans receivables, (net of loss allowance) of the Group increased by HK\$51,000 to HK\$0.64 million due to the appreciation of the Renminbi exchange rate (as at 31 December 2024: HK\$0.59 million).

As at 30 June 2025, the gross loans receivables of the Group mainly comprised of loans to independent private companies in the PRC and/or Hong Kong and an individual merchant in Hong Kong (the “**Borrowers**”). The loans are interest-bearing with rates ranging from 4% to 24% per annum and maturities ranging from 1 month to 12 months. None of the Borrowers has pledged any of their assets to the Group to secure the loans. The Group has obtained the personal guarantee provided by the respective guarantors as security for certain loans.

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

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

The Group has noticed that many Borrowers failed to repay the loans when fall due, with certain Borrowers and/or guarantor went into liquidation. For the First Half 2025, no impairment loss was recognized on these loan receivables (First Half 2024: HK\$4.83 million), as the entire gross loan receivables were almost fully impaired as at 31 December 2024. As at the date of this report, the Group continues to employ various channels to ascertain whether Borrowers possess any assets. Where such assets are identified, the Group will promptly initiate legal proceedings to recover the outstanding loan amounts.

(D) Net deposits and prepayments

As at 30 June 2025, the Group recorded deposits and prepayments, (net of loss allowance) of HK\$49.68 million (as at 31 December 2024: HK\$61.28 million). The decreased of HK\$11.60 million was mainly due to the utilisation of finance lease deposits to settle lease payments and the amortization of costs related to repairs and drilling activities. The net balance of deposits and prepayment were mainly attributable to prepayment/deposit made in respect of the repairs and drilling works, prepayment made to suppliers and/or sub-contractors for material procurement and construction works, and consultancy fees for the provision of finance lease arrangements, various security deposits, including glass management contract, construction service contracts and the finance lease. For the First Half 2025, no impairment loss has been provided (First Half 2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

LIABILITIES AND GEARING

As at 30 June 2025, the Group's total liabilities (including both current and non-current) amounted to HK\$1,166.12 million (as at 31 December 2024: HK\$1,264.14 million). The decrease of HK\$98.02 million was mainly due to the repayment of bank and other borrowings together with finance lease liabilities during the Interim Period. Except for the issuance of bonds and non-financial institution loan denominated in HK\$, borrowings were mainly denominated in RMB.

The Group's gearing ratio as at 30 June 2025 was 51.23% (as at 31 December 2024: 54.51%). The ratio was calculated by dividing total liabilities of the Group of HK\$1,166.12 million (as at 31 December 2024: HK\$1,264.14 million) over total assets of the Group of HK\$2,276.10 million (as at 31 December 2024: HK\$2,319.17 million).

DEBTS ANALYSIS

As at 30 June 2025, the Group's total bank and other borrowings were HK\$521.98 million (as at 31 December 2024: HK\$563.05 million). For the maturity profile, refer to the table below:

	30 June 2025		31 December 2024	
	HK\$'000	%	HK\$'000	%
Classified by maturity				
— repayable within one year				
Bank borrowings	135,032	25.87	107,755	19.14
Other loans	114,705	21.97	137,153	24.36
	249,737	47.84	244,908	43.50
Classified by maturity				
— repayable more than one year				
Bank borrowings	216,174	41.42	257,058	45.65
Other loans	56,069	10.74	61,084	10.85
	272,243	52.16	318,142	56.50
Total bank and other borrowings	521,980	100	563,050	100
Classified by type of loans				
Secured	437,605	83.84	447,050	79.40
Unsecured	84,375	16.16	116,000	20.60
	521,980	100	563,050	100
Classified by type of interest				
Fixed rate	434,809	83.30	459,617	81.63
Variable-rate	54,092	10.36	72,980	12.96
Interest free rate	33,079	6.34	30,453	5.41
	521,980	100	563,050	100



MANAGEMENT DISCUSSION AND ANALYSIS

OTHER LOANS

1. Issuance of bonds through the placing agent

On 18 January 2018, the Company entered into a placing agreement with Prior Securities Limited (the “**Placing Agent**”) pursuant to which the Placing Agent on a best effort basis, arranging independent placees to subscribe for 6% coupon unlisted bonds with a term of 90 months in aggregate principal amount of up to HK\$100.00 million (“**Bond**”). On 17 January 2020, the Company has completed the issuance of the Bond to the placees in an aggregate principal amount of HK\$20.00 million. As at 30 June 2025, the outstanding Bond amounted to HK\$20.11 million and was classified as an other loan (as at 31 December 2024: HK\$18.54 million).

2. Loans from related companies

As at 30 June 2025, loans from related companies amounted to approximately of HK\$54.50 million (as at 31 December 2024: HK\$85.00 million).

As at 30 June 2025, the Bond of HK\$20.11 million and loans from related companies of HK\$54.50 million totalled HK\$74.61 million, representing of 43.69% of the other loans, which were utilized as general working capital, repayment of debts, and/or acquisition activities.

TRADE AND OTHER PAYABLES

As at 30 June 2025, the Group’s trade and other payables were approximately HK\$372.85 million (as at 31 December 2024: HK\$385.75 million). The decrease in trade and other payables of HK\$12.90 million was mainly due to the settlement of trade payable during the Interim Period. The credit terms for trade payables vary depending on the terms agreed upon with different suppliers.

BUSINESS REVIEW

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

	Revenue				Gross Profit/(Loss)				2025 vs 2024	
	For the six months ended 30 June				For the six months ended 30 June				For the six months ended 30 June	
	HK\$'M 2025	% to the total	HK\$'M 2024 (Restated)	% to the total (Restated)	HK\$'M 2025	% to the total	HK\$'M 2024 (Restated)	% to the total (Restated)	Revenue HK\$'M	Gross Profit HK\$'M
Water supply business	0.00	0.00%	53.09	16.80%	0.00	0.00%	16.28	28.50%	(53.09)	(16.28)
Sewage treatment business	27.93	23.66%	46.44	14.69%	13.23	792.21%	18.18	31.82%	(18.51)	(4.95)
Construction service business	0.06	0.05%	92.38	29.23%	(0.88)	(52.69%)	20.20	35.36%	(92.32)	(21.08)
Sub-total	27.99	23.71%	191.91	60.72%	12.35	739.52%	54.66	95.68%	(163.92)	(42.31)
Exploitation and sale of renewable energy business	58.56	49.61%	100.28	31.73%	(16.86)	(1,009.58%)	(4.76)	–8.33%	(41.72)	(12.10)
Property Development	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00
Waste Management and Recycling	31.50	26.68%	23.86	7.55%	6.18	370.06%	7.23	12.65%	7.64	(1.05)
Total	118.05	100.00%	316.05	100.00%	1.67	100.00%	57.13	100.00%	(198.00)	(55.46)

MANAGEMENT DISCUSSION AND ANALYSIS

1.1 Water supply business

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

1.2 Sewage treatment business

Yichun Water Group has held equity interests in two projects, namely Yichun Fangke and Yichun Mingyue Mountain (collectively known as “**Yichun Sewage Treatment Projects**”). Following completion of the disposal of the Yichun Water Company in September 2024, these projects ceased to contribute to the Group’s operational performance. As at 30 June 2025, the Group has three sewage treatment projects which are located in Guangdong and Shandong provinces (First Half 2024: five projects) and the daily aggregate sewage disposal capacity was approximately 80,000 tonne (First Half 2024: 240,000 tonne).

For the First Half 2025, the revenue and gross profit of the Group were amounted to HK\$27.93 million and HK\$13.23 million respectively. During the Interim Period, the Group processed in aggregate of 14.12 million tonne of waste water (First Half 2024: 38.03 million tonne), represented a decrease of 62.87% over the last corresponding period. Compared to the First Half of 2024, the Group’s revenue and gross profit decreased by HK\$18.51 million and HK\$4.95 million, respectively. The significant decline in both revenue and gross profit was primarily attributable to the disposal of Yichun Water Group. Excluding the impact of the Yichun Water Group disposal, the Group’s revenue and gross profit increased by HK\$4.97 million and HK\$3.26 million, respectively. This improvement was mainly driven by higher sewage treatment fees following the completion of upgrading and modification works at the Jining Haiyuan project in December 2024. The average rates for sewage treatment of the Group ranged from HK\$1.43 to HK\$2.26 per tonne (First Half 2024: HK\$0.98 to HK\$2.13 per tonne).

The analysis of financial performance was as follows:

	First Half 2025	First Half 2024			First Half 2025 vs First Half 2024 Excluding Yichun Water Group
	The Group HK\$'million	The Group HK\$'million	Yichun Water Group 6 months HK\$'million	Excluding Yichun Water Group The Group HK\$'million	The Group HK\$'million
Revenue	27.93	46.44	23.48	22.96	4.97
Gross profit	13.23	18.18	8.21	9.97	3.26

Analysis of sewage treatment projects on hand is as follows:

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

1.3 Construction services for sewage treatment infrastructure

During the Interim Period, construction services provided by the Group is the infrastructure construction for sewage treatment projects. For the First Half 2025, the Group recorded revenue of HK\$0.06 million and a gross loss of HK\$0.88 million, compared to revenue of HK\$92.38 million and a gross profit of HK\$20.20 million in the First Half 2024. The significant decline in both revenue and gross profit in the First Half 2025 was primarily attributable to: (i) the completion of the disposal of Yichun Water Group in September 2024, (ii) the conclusion of upgrading and modification works on the sewage treatment plant during 2024; and (iii) a reduction in construction activities in 2025.

The analysis of financial performance was as follows:

	First Half 2025	First Half 2024			First Half 2025 vs First Half 2024
	The Group HK\$'million	The Group HK\$'million	Yichun Water Group 6 months HK\$'million	Excluding Yichun Water Group The Group HK\$'million	Excluding Yichun Water Group The Group HK\$'million
Revenue	0.06	92.38	76.26	16.12	(16.06)
Gross (loss)/profit	(0.88)	20.20	18.89	1.31	(2.19)

MANAGEMENT DISCUSSION AND ANALYSIS

1.4 Exploitation and sales of renewable energy business

Up to the date of this report, the Group had 24 projects in operation with a total installed capacity of 84.47 MW. For the First Half 2025, the revenue and gross loss of the Group recorded HK\$58.56 million and HK\$16.86 million respectively. Compared with the First Half 2024, the revenue declined by HK\$41.72 million while the gross loss widened by HK\$12.10 million.

The decline in business performance was mainly due to (i) the decrease in number of landfill site in operation; (ii) the substantial reduction in the volume of on-grid electricity due to less available new garbage being delivered to the landfill sites for the generation of electricity as a result of the operation of local incineration projects; and (iii) majority of the operating expenses were non-variable in nature and did not decrease in the same magnitude when revenue decreased. During the Interim Period, the Group had 24 projects in operation (First Half 2024: 36 projects), generating approximately 137,800.90 MWh of on-grid electricity which represented a decrease of 16.76% compared to First Half 2024 (First Half 2024: 165,551.70 MWh). As at 30 June 2025, the Group accumulated a total installed capacity of 84.47 MW, representing an decrease of 29.80% compared to the First Half 2024 (as at 30 June 2024: 120.33 MW). For the First Half 2025, the average electricity rate of the Group was HK\$0.39 per kilowatt-hour and the average CNG rate was HK\$2.57 per m³ (First Half 2024: average electricity rate of the Group was HK\$0.55 per kilowatt-hour and the average CNG rate was HK\$2.62 per m³).

Included in revenue was HK\$48.20 million (First Half 2024: HK\$63.30 million) and HK\$4.92 million (First Half 2024: HK\$25.16 million) derived from the sales of electricity to local grid companies and the government tariff subsidies. The analysis of financial performance was as follows:

		For the period ended 30 June		
		2025	2024	Variance
Exploitation and sale of renewable energy business				
— Sale of electricity				
Revenue	HK\$'million	53.40	91.01	(37.61)
Gross (loss)	HK\$'million	(15.87)	(4.54)	(11.33)
— Sale of compressed natural gas				
Revenue	HK\$'million	4.34	6.83	(2.49)
Gross profit/(loss)	HK\$'million	0.05	(0.26)	0.31
— Service income from collection of landfill gas				
Revenue	HK\$'million	0.82	0.20	0.62
Gross (loss)	HK\$'million	(1.04)	(0.84)	(0.20)
— Sale of solid organic fertilizer				
Revenue	HK\$'million	—	2.24	(2.24)
Gross profit	HK\$'million	—	0.88	(0.88)
Total				
Revenue	HK\$'million	58.56	100.28	(41.72)
Gross (loss)	HK\$'million	(16.86)	(4.76)	(12.10)



MANAGEMENT DISCUSSION AND ANALYSIS

		For the period ended 30 June			
		2025	% to total	2024	% to total
Summary of revenue					
Government tariff subsidies	HK\$'million	4.92	8.40%	25.16	25.09%
The sale of electricity to local grid companies	HK\$'million	48.20	82.31%	63.30	63.12%
Other	HK\$'million	0.28	0.48%	2.55	2.54%
		53.40	91.19%	91.01	90.76%
Compressed natural gas & service income from collection of landfill gas & sale of solid organic fertilizer	HK\$'million	5.16	8.81%	9.27	9.24%
		58.56	100.00%	100.28	100.00%

1.5 Property Investment and development

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

As at 30 June 2025, the number of property projects decreased from four projects to two projects, which are located in Nanjing and Huizhou City (As at 31 December 2024: two projects) with a total site area of approximately 56,884 square meters.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Name of project	Location	Stage of completion	Expected date of completion	Major usage/ purpose	Approximate site area (square meters)	Estimated gross floor area after completion (square meters)	Lease term (years)	Group's interest (%)
1	Nanjing Property Project (南京物業項目)	No. 88, Kangyuan Road, Qilin Science and Technology Innovation Park, Nanjing	Completed	Mar-22	Research and development/ Commercial (for leasing)	26,340	72,853	50 years	100
2	Honghu Blue Valley Wisdom Square* (鴻鵬藍谷智慧廣場)	No. 3 Taihao Road, Block 3 Centre, Gaixin Science and Technology Industrial, Huinan Road East, Huicheng District, Huizhou City, Guangdong Province, the PRC	Under construction (95%)	August-26	Research and development Centre/Commercial (for sale and/or for lease)	30,544	43,738	50 years	100
						56,884	116,591		

1.6 Waste Management and Recycling

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

For the First Half 2025, the Group reported revenue of HK\$31.50 million and a gross profit of HK\$6.18 million, compared to revenue of HK\$23.86 million and gross profit of HK\$7.23 million for the corresponding period in 2024. The increase in revenue was primarily driven by the commencement of operations under the Food Waste Contract in March 2024. While only three months of operational performance were recorded in the First Half 2024, the First Half 2025 reflects a full six months of contribution from this contract.

The analysis of financial performance of waste management and recycling businesses was as follows:

		For the period ended 30 June		
		2025	2024	Variance
Glass Management Service				
Revenue	HK\$'million	20.72	18.01	2.71
Gross profit	HK\$'million	4.89	6.53	(1.64)
Food Waste Service				
Revenue	HK\$'million	10.78	5.85	4.93
Gross profit	HK\$'million	1.29	0.70	0.59
Total				
Revenue	HK\$'million	31.50	23.86	7.64
Gross profit	HK\$'million	6.18	7.23	(1.05)

MATERIAL EVENTS DURING THE PERIOD UNDER REVIEW

A. Fund Raising Activities

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

As disclosed in the Prospectus, the net proceeds of approximately HK\$90.10 million (the “**Net Proceeds**”) from the Rights Issue shall be applied (i) approximately HK\$68.0 million for the repayment of debts; (ii) approximately HK\$15.0 million for the investment in biomass gas project; and (iii) approximately HK\$7.1 million for used as the general working capital of the Group. Further to the Company’s announcement dated 5 June 2025, the Group has utilised approximately HK\$75.10 million of the net proceeds from the Rights Issue in accordance with the allocation outlined in the Prospectus. The remaining net proceeds from the Rights Issue, amounting to approximately HK\$15.00 million (the “**Remaining Net Proceeds**”), have been reallocated and applied by the Board towards the repayment of outstanding liabilities. This reallocation enables the Company to optimise the use of its financial resources more effectively. As at 30 June 2025, the Company had fully utilised the Remaining Net Proceeds for its intended purpose. For details, please refer to the announcement dated 5 June 2025.



(2) *Placing of new shares under general mandate*

On 5 June 2025, Kingston Securities Limited (the “**Placing Agent**”) and the Company entered into the placing agreement (the “**Agreement**”) pursuant to which the Placing Agent agreed to place, on a best effort basis, up to 57,472,000 placing shares (the “**Placing Shares**”) at a price of HK\$0.228 per placing share. On 16 June 2025, a total of 57,472,000 Placing Shares have been successfully placed by the Placing Agent to not less than six (6) placees at the Placing Price of HK\$0.228 per Placing Share pursuant to the Placing Agreement. The net proceeds from the Placing received by the Company, after deducting all related costs, fees, expenses and commission, are approximately HK\$12.60 million, representing a net issue price of approximately HK\$0.220 per Placing Share. Apart from the proceeds generated from the aforementioned Rights Issue, the Group intends to settle its outstanding debts through operating cash flows, the collection of trade receivables, and proceeds from other potential fundraising initiatives. These included the placement of new Shares under the general mandate and debt financing arrangements. According to the Company’s management accounts, as at 31 May 2025, the total amount of debts due for repayment either on demand or within three months was approximately HK\$203.64 million. It is imperative for the Group to address and repay these outstanding liabilities in a timely manner. The Board is of the view that the placement of new Shares represents an effective solution for resolving the Group’s debt obligations without incurring additional interest expenses. This approach is considered prudent and in the best interest of preserving the Group’s financial stability. As at 30 June 2025, the Company had fully utilised the net proceeds for its intended purpose. For details, please refer to the announcements dated 5 June 2025 and 16 June 2025.

B. The Memorandum of understanding (the “MOU”) for potential overseas projects

- (1) on 20 March 2025, the Company entered into a MOU with the regional government of Semarang Regency, Indonesia, (the “**Semarang Regency Government**”) in relation to a potential cooperation on the management of a landfill site (the “**Landfill**”) situated at Semarang, Indonesia including but not limited to utilizing landfill gas from the Landfill for power generation, operation and management of the Landfill, and leachate treatment. For details, please refer to the announcement dated 20 March 2025.
- (2) on 24 March 2025, the Company entered into a MOU with the Sidoarjo Regency Government in relation to a potential cooperation on the implementation the Landfill Gas-To-Energy (“**LFG**”) system at a landfill site situated at Sidoarjo, Indonesia. For details, please refer to the announcement dated 24 March 2025. The signing of the two MOUs with the Semarang Regency Government and Sidoarjo Regency Government respectively, represents significant achievement of the Group in promoting and expanding its landfill and LFG business in overseas. For details, please refer to the announcement dated 24 March 2025.
- (3) on 17 June 2025, the Company entered into a MOU with the government of Pekanbaru City, Indonesia, (the “**Pekanbaru Government**”) in relation to a potential cooperation on the implementation the Landfill Gas-To-Energy management project at the TPA Muara Fajar landfill situated at Pekanbaru City. The signing of the MOU with the Pekanbaru Government represents a critical step in the expansion of the Group’s overseas renewable energy market and marks its third collaboration with the government in Indonesia. For details, please refer to the announcement dated 17 June 2025.

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

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS HELD

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

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

CONTINGENT LIABILITIES

As at 30 June 2025, the Group had contingent liabilities in respect of guarantees in the mortgage facilities for certain purchasers of properties in the amount of HK\$0.01 million (as at 31 December 2024: HK\$0.47 million).

PLEDGE OF ASSETS

- (a) The Group's obligations under finance leases, bank loans and other loans of HK\$569.25 million in total as at 30 June 2025 (as at 31 December 2024 of the Group: HK\$606.69 million) were secured by charges over:
 - (i) property, plant and equipment in which their carrying amount was HK\$245.96 million (as at 31 December 2024 of the Group: HK\$182.72 million);
 - (ii) right-of-use assets in which their carrying amount was HK\$127.59 million (as at 31 December 2024 of the Group: HK\$162.57 million);
 - (iii) investment properties in which their carrying amount was HK\$177.76 million (as at 31 December 2024 of the Group: HK\$175.05 million);
 - (iv) contractual rights to receive revenue generated by certain of our subsidiaries; and
 - (v) equity interests of certain subsidiaries of the Group.
- (b) As at 30 June 2025, the Group's certain bank deposits of HK\$20.33 million (as at 31 December 2024 of the Group: HK\$20.33 million) were pledged to a bank for granting a banking facility of HK\$21.00 million (as at 31 December 2024 of the Group: HK\$21.00 million).

NO MATERIAL CHANGE

Save as disclosed in this report, during the Interim Period, there has been no material change in the Group's financial position or business since the publication of the latest annual report of the Company for the year ended 31 December 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES

As at 30 June 2025, excluding jointly controlled entities and associates, the Group had 369 employees (as at 30 June 2024: 739 employees), of which 45 are Hong Kong employees (as at 30 June 2024: 10). During the Interim Period, total employee benefit expenses, including Directors' emoluments and provident funds, was HK\$31.88 million (First Half 2024: HK\$85.31 million). The drop in staff costs was a result of the cost control measures implemented by the laid-off employees in connection with the closure of landfill sites and the disposal of Yichun Water Group in 2024. Employees were remunerated on the basis of their performance and experience. Remuneration packages include salary, a year-end discretionary bonus and the New Option Scheme, which are determined with reference to the Group's operating results, market conditions and individual performance. Remuneration packages of Directors and senior management are normally reviewed as on annual basis by the Remuneration Committee. During the Interim Period, all of the Hong Kong employees have participated in the Mandatory Provident Fund Scheme, and a similar benefit scheme is offered to employees in Mainland China. In addition, the Group encourage employees' participation in continuing training programmes, seminars and e-learning through which their career, knowledge and technical skills can be enhanced with the development of individual potentials.

PROSPECTS

BUSINESS REVIEW:

The first half of 2025 saw a weakening global economic recovery momentum. Domestically, the environmental protection industry faced both opportunities and challenges amid advancing "dual carbon" goals. All the colleagues of the Group closely focused on the strategic goal of being the "Chinese Biomass Gas Operation Service Provider", advancing forward amid adversity. However, we are fully aware that the Group is currently facing an extremely challenging operating environment, as the substantial amount of accounts receivables have become the primary obstacle hindering our sustainable growth. The outstanding balance of energy subsidies receivables were amounted to RMB651 million as at 30 June 2025, the delay in settlement of such substantial subsidies has been exerting substantial and persistent pressure on our cash flow. Although the traditional water service segment maintained a smooth operation, the delay in government's settlement has been severe. The pipeline network fee in Gaoming District is in arrears; the Jining Haiyuan and Jining Haisheng have long-term unresolved accounts receivable due to the county government's fund allocation issue, in which it has seriously exacerbated the financial risks of the relevant companies. Despite the Group's confident in the recoverability of the accounts receivables, the Group's overall cash flow is severely constrained, creating unprecedented challenges for maintaining normal operations and to carry out strategic investments.

Internally, under the tremendous pressure from accounts receivable and challenging market conditions, the Group pursues "cost reduction and strategic restructuring" as its key strategy for survival and development. Externally, to break through the current constraints and pursue new growth engines, the Group is decisively implementing its "dual growth engines" strategy. While consolidating existing markets, the Group is actively exploring to diversify the Group's business models with enhanced sustainability and secured payment mechanisms (such as comprehensive water treatment technologies and food waste joint processing) to enhance market share and diversify revenue streams amid the above-mentioned adverse conditions. Simultaneously, the Group is actively developing overseas markets, underpinning Southeast Asia and other emerging economies. Leveraging the Victory Strategy investment platform, we concentrated our resources to accelerate the implementation progress of key contracted projects in Indonesia and other regions while actively pursuing new opportunities. The Group is committed to promoting China's sophisticated biomass gas technology, operational service expertise, and engineering capabilities globally, establishing core growth driver and international competitiveness for future growth.

MANAGEMENT DISCUSSION AND ANALYSIS

I. The Environmental Protection Business in Hong Kong Continues to Defy Market Downtrends, Establishing a Strategic Foothold for Cross-border Recycling Solutions and Overseas Expansion

Against the backdrop of acute funding constraints and operational challenges across the Group, the environmental protection segment in Hong Kong has demonstrated resilience and growth potential through its differentiated market positioning, emerging as a rare positive highlight amid adversity. The volume of glass recycling has maintained a steady increase, solidifying the fundamental position of the local business. A key breakthrough has been achieved in cross-border resource recycling. We have successfully exported bulk shipments of glass granules to Malaysia, effectively revitalizing inventory backlog while signifying the Group's substantive progress in establishing viable international resources circulation channels, demonstrating scalable operations for future expansion.

The Group has enhanced the cooperation among the Guangdong, Hong Kong and Macao regions to explore new value increments. Currently, the Group is proactively collaborating with Department of Ecology and Environment of Guangdong Province to explore a hub-to-hub recycling model of "collecting in Hong Kong — valorizing in Guangdong", intending to establish a demonstration glass valorization project for the Greater Bay Area. Not only has this initiative expanded high-value downstream applications, but also advancing national strategic priorities in the Greater Bay Area, propelling sustainable growth for the segment. The food waste recycling segment defied market headwinds with expanding operations, as the recycling volumes in West Kowloon has surpassed projections, which further strengthens our leading position and market share in diversified recycling sectors.

The accelerating implementation of the "dual growth engines" strategy will help us strengthen our domestic market in Hong Kong while strategically explore Southeast Asia through Hong Kong's international hub advantages. The Group operates as "an intermediary service provider", delivering technology solutions packages and resource integration services for regional projects, which actively constructs a development framework of "local market cultivation and radiating overseas market," creating new market expansion opportunities and revenue streams.

II. The Comprehensive Water Treatment Segment Demonstrates Strong Growth Momentum, with Innovation-focused Layout Positioning for Future Advancement

Anchor Environmental & Energy Technology (Shanghai) Co., Ltd.* (安和睿環保能源科技(上海)有限公司) ("Anchor Environmental") and RELE Environmental & Energy Technology (Shanghai) Co., Ltd.* (睿利環保能源科技(上海)有限公司), emerging as standout performers in First Half 2025, delivered counter-trend growth within the Group, enhancing its performance and contributing valuable cash inflows. They significantly strengthened the Group's core competitiveness in environmental engineering through qualification upgrades and patent reserves.



The Group achieved a major breakthrough in business expansion by successfully entering the high added-value emerging segment — bio-jet fuel sewage treatment. In May, we secured a project with contracted value of RMB15.74 million, setting a new company record for single-contract value. The Group continued to deepen our cooperations in organic solid waste management with Zichuan Green Energy Environmental Protection Co., Ltd.* (淄川綠能環保公司) of Zhejiang Energy, securing the Phase II contract for oil extraction from kitchen waste. Such move has strengthened our market presence and ensures a sustainable revenue stream in this segment. The Group has reinforced its competitiveness through upgraded qualifications and patents. In April 2025, we secured the Class II Environmental Engineering Contracting Qualification, significantly enhancing our eligibility for participating in major projects. In addition, our new 28 core patents strengthen the support for maintaining our high-tech enterprise qualifications and future commercialization initiatives.

The Group is strategically advancing multiple cutting-edge technologies, with its Danish AQP aquaporin membrane technology commencing market expansion in traditional industrial wastewater treatment, while the German EVCOM membrane distillation pilot units target experimental validation in high-potential segments such as new energy batteries. Our photon-kiln equipment has attracted interests from potential clients with deployment advancing systematically.

III. The Overseas Segment Has Executed Breakthrough Layout Amid Headwinds to Establish Pivotal Footholds for Future Growth

In the first half of 2025, as the Group's core strategic growth direction, we reorganized our structure to put Victory Strategy Investment Limited to spearhead the Group's overseas investment, development, construction, and operation.

Our projects in Indonesia achieved a milestone breakthrough, as project joint venture companies in Semarang and Pekanbaru have passed the key judicial review, marking the establishment of the legal subjects of the projects. The Memorandum of Understanding (the “**MOU**”) has been signed with the local government, indicating robust mutual commitment to public-private collaboration. Currently, formal execution of the legally binding PKS agreement is being actively prepared, with project implementation entering its final countdown phase. An MOU signing has been successfully executed for the project in Sidoarjo, with feasibility study (FS) having been initiated, while preliminary development is being steadily advanced. Active preparations are being undertaken for the Philippines-the United Arab Emirates (“**UAE**”) project, while the key preliminary permit has been secured by the project in Davao, Philippines, with authorization being secured to conduct policy and legal viability assessments, removing preliminary obstacles. The Al Qusais landfill gas-to-energy in Dubai, UAE has been successfully shortlisted for the local power station tender through a consortium-led selection process, with contractual finalization currently in its pre-contractual phase. The experimentation scheme for landfill gas-to-graphene project in Abu Dhabi has been formally submitted for review by cooperative counterparts, signifying a significant advancement in technical collaboration.

MANAGEMENT DISCUSSION AND ANALYSIS

IV. The Water Related Services Business Demonstrates Robust Performance, Despite Persistent Delinquency in Payments Remain a Significant Challenge

Our production operations maintained stability with high regulatory compliance in water quality (such as 98.9% in Gaoming Huaxin) in the first half of 2025. Amid challenging collection conditions, Gaoming Huaxin was recognized as the sole operator within the region in collecting six-month sewerage charges, with revised tariff terms successfully negotiated to secure future revenue streams. Jining Haiyuan and Haisheng Water effectively reduced costs through process optimization, achieving impressive net profit completion rates, while completing standard upgrades and securing water tariff increases.

The delay in payment by the government continue to remain as our primary concern, with persistent non-payment of the pipeline network charges by Gaoming District and long-term unresolved accounts receivable from Jining County, driving the accounts receivable exceeding RMB50 million has significantly increased our financial exposure. On one hand, a special team has now been established to strengthen the communication between the government and enterprises to collect the outstanding debts. On the other hand, in extreme circumstances, we will consider other means to recover our investments including but not limited to possible government repurchase of the operations or asset sale to safeguard the interests of shareholders and the Company.

V. The Landfill Gas-To-Energy Project Segment of New China Water Maintained Its Existing Stock And Sought Development

In the first half year, New China Water (Nanjing) Renewable Resources Investment Company Limited* (hereinafter referred to as “**New China Water**”) prioritized the dual-driver of refined operations and technological upgrades, effectively securing stable returns from its existing portfolio. In the first half of 2025, 23 landfill gas-to-energy projects and one purification project maintained stable operations, delivering core revenue support for the segment. There were severe arrears in electricity subsidies as the Group yet to receive any payment of subsidies in the first half of 2025, leaving RMB651 million in outstanding receivables balance, creating liquidity pressure for both the business segment and the Group. Despite the Group do not foresee any obstacle in receiving the electricity subsidies, the high dependence on subsidy policies renders revenues significantly vulnerable to reduced electricity price and potential policy renewals. Building on IFC green financing, New China Water deployed innovative funding mechanisms (carbon asset pledge and income rights financing) to optimize capital structure, thereby securing necessary fundings for new project investments and R&D initiatives.





VI. The Engineering & Construction Segment Strategically Bolsters the Group's Core Operations, Leveraging Its Technological Foundation for Overseas Expansion

As the Group's core engineering carrier, Shenzhen City Li Sai Industrial Development Limited* (hereinafter referred to as "Li Sai") executed all support tasks efficiently in the first half of 2025 in strict alignment with its strategic focus and project imperatives. This had delivered technological and implementation support underpinning the stable operation of core businesses (particularly the landfill gas-to-energy projects of New China Water). It also provided engineering capacity reserves for the Group's overseas strategy.

The synergistic alignment with the Group's overseas strategic layout to support our Overseas Division, deploying engineering expertise and execution experience support for the planning and pre-implementation phases of key overseas projects in Indonesia, the Philippines, and the UAE, proving instrumental in implementing the Group's "technology export strategy".

VII. The City-industry Integration Segment Maintained Stable Operations, with Commercial Properties Demonstrating Resilience

Nanjing Space Big Data Industrial Park has been enhancing their property management services' quality and efficiency. In addressing the decrease in market demand, the project proactively adjusted its strategies. By the end of July 2025, the cumulative leased area reached 12,281.77 m², and is expected to reach an occupancy rate of 85% by the end of the year.

In view of the substantial financial pressure and challenges from industry-wide adjustment, the Honghu Blue Valley Wisdom Square* project in Huizhou is currently focusing on enhancing project return while mitigating pressures from the substantial financial risk.

FUTURE OUTLOOK

Leveraging pressure into momentum through core focus and innovative breakthroughs

Looking forward to the second half of 2025, amid persistent external complexities, green transition opportunities are gaining clarity. The Group will confront challenges head-on, prioritizing these core strategic initiatives.

Accelerating receivables recovery to secure cash flow sustainability: The Group will prioritize the recovery of significant in arrear electricity subsidies and sewage treatment charges in the second half year, establishing an executive taskforce to mobilize internal-external resources integration. For hardest-hit zones such as Jining Haiyuan and Haisheng Water, despite the Group do not foresee such receivable would be defaulted, we will implement practical evaluations of public buy-back or structured asset disposal while maintaining rigorous collection efforts, thereby monetizing stranded assets to reclaim capital.

Resolutely advancing our core strategy — "Chinese Biomass Gas Operation Service Provider": The Group will accelerate its overseas layout. By leveraging Victory Strategy Investment Limited, we will fully facilitate the signing of formal agreements and construction implementation of key executed projects in Indonesia and other regions (Semarang, Pekanbaru, Sidoarjo), ensuring that our overseas expansion achieves milestone results. We will also actively propel the projects in the Philippines and the UAE.

MANAGEMENT DISCUSSION AND ANALYSIS

Enhancing and scaling up New China Water segment: While safeguarding operational continuity for existing projects, we will closely track subsidy policy development and expedite subsidy disbursement through all available channels. The Group will actively explore the value of carbon assets to precisely align with policy direction such as the China Certified Emission Reduction (“**CCER**”) methodology, so as to scientifically manage and trade existing carbon assets to achieve asset premium. We will also explore a collaborative treatment model of “landfill gas power generation + agricultural organic waste” to enhance the efficiency of resource utilization.

Strengthening Hong Kong’s strategic green hub: The Group will reinforce Hong Kong’s glass resource operations locally while establishing Southeast Asia as a beachhead for accelerated execution of technology transfer deployments and resource integration initiatives, securing sustainable offshore revenue streams.

Comprehensive water treatment: The Group will continue to focus on industrial sewage and organic solid waste through enhanced customization technologies and project delivery capabilities and by prioritizing breakthrough innovations in membrane technologies (AQP, membrane distillation) through application validation and commercialization, we intend to establish new growth engines.

Pursuing strategic repositioning in the agricultural segment while prudently managing risks: The Group will ensure stable operation of the project in Huoqiu County, secure bank loans and pipeline gas supply agreements, and advance the implementation of kitchen waste project. For the project in Boli County, we are actively pursuing credible partners (e.g., city investment company) to overcome financing constraints. We will also undergo decisive liquidation measures for unviable projects (e.g., Chengwu project) to prevent further losses.

To ensure the sustainable development of the Group and fulfil the capital demands during the development: the Group took the initiative to expand its financing channels and enhanced its funding capability including but not limited to issue of new shares and obtaining of loans financing from various domestic and international commercial banks so as to be well prepared for the future development of our projects. The Group managed to maintain a healthy financial condition with a reasonable gearing ratio.

Strengthening internal management to consolidate growth synergy: The Group will deepen its core values of “embracing the company as family, taking pride in performance, fostering unity through collaboration, and upholding dedication as fundamental”. We will continuously optimize organizational structures and processes to enhance operational efficiency and cost management capabilities. Talent development will be strengthened, particularly in overseas business, technological innovation, and capital deployment expertise.

Substantial accounts receivable pressure presents not only challenges but also serves as a catalyst to deepen reforms, optimize operational frameworks, and enhance efficiency. Our Board and management will upkeep clear consensus and resolute commitment in this regard.



INTERIM DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2025 (30 June 2024: HK\$Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2025, the interests and short positions of the Directors or chief executives of the Company and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") were as follows:

Interest in the Shares

Name of director	Nature of interest	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Ms. Chu Yin Yin, Georgiana	Beneficial owner	112,000 (L)	0.02%

For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 632,193,928 shares in issue as at 30 June 2025.

The letter "L" denotes a long position in shares of the Company

Save as disclosed above, as at 30 June 2025, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUPPLEMENTARY INFORMATION

SUBSTANTIAL SHAREHOLDER'S INTEREST

As at 30 June 2025, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group and the amount of each of such person's interests in such securities, together with particulars of any options in respect of such capital:

Name of substantial shareholder	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Step Wide Investment Limited	Beneficial owner	141,564,202 (L) (Note 1)	22.39%

Note 1: These shares are held by Step Wide Investment Limited ("**Step Wide**") of which Mrs. Chu Yuet Wah ("**Mrs. Chu**") is the beneficial owner. As such, Mrs. Chu is deemed to be interested in the Shares held by Step Wide by virtue of the SFO.

Note 2: The shareholding percentage in the company is calculated on the basis of 632,193,928 shares in issue as at 30 June 2025.

Note 3: The letter "L" denotes a long position in shares.

Save as disclosed above and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or chief executive of the Company) who, as at 30 June 2025, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meeting of any other member of the Group.

SHARE CAPITAL

The Company's issued and fully paid share capital as at 30 June 2025 amounted to approximately HK\$63.22 million divided into 632,193,928 ordinary shares of HK\$0.1 each.

DIRECTORS' RIGHTS TO ACQUIRES SHARES OR DEBENTURES

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

SHARE OPTION SCHEME

At the annual general meeting (the “**2021 AGM**”) of the Company held on 2 June 2021, the shareholders of the Company approved the adoption of the Company’s New Share Option Scheme (the “**New Option Scheme**”) and the termination of the Company’s then existing Share Option Scheme. The adoption date for the New Option Scheme was on 3 June 2021. From the New Option Scheme being adopted up to 30 June 2025, no share options have been granted. The New Option Scheme was in compliance with Chapter 17 of the Listing Rules. In any event, any grant of options under the New Option Scheme shall comply with the amended provisions of Chapter 17 of the Listing Rules which took effect on 1 January 2023 notwithstanding any provisions of the New Option Scheme. The purpose of the New Option Scheme is to enable the Company to grant options to selected participants as incentive and/or rewards for their contribution and support to the Group and any invested entity and/or to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity. The New Option Scheme will remain in force for 10 years and expire on 2 June 2031. As at 1 January 2025, the total number of options available for grant under the scheme mandate of the New Option Scheme after share consolidation was 15,965,397, representing 5.56% of the issued share capital of 287,360,964 shares (excluding treasury shares) of the Company as at 1 January 2025. As at 30 June 2025 and as at the date of this report, the total number of shares available for issue under the New Option Scheme was 15,965,397, representing approximately 2.53% of the issued capital of 632,193,928 shares (excluding treasury shares) of the Company as at 30 June 2025. As at 30 June 2025 and as at the date of this report, the total number of shares available for issue under the New Option Scheme was 15,965,397 divided by the weighted average number of 527,093,022 shares of the Company in issue was 3.03%. The Company does not have any treasury share during the Interim Period.

PRE-EMPTIVE RIGHTS

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

SUFFICIENT OF PUBLIC FLOAT

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

CHANGE IN INFORMATION OF DIRECTORS

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

- (1) Mr. Zhu Yongjun (“**Mr. Zhu**”), ceased to be a chairman and a member of the Nomination Committee. Mr. Zhu will continue to serve as the chairman of the Board and an executive Director of the Company;
- (2) Mr. Wong Siu Keung, Joe (“**Mr. Wong**”), an independent non-executive Director and a member of the Nomination Committee, was re-designated as the chairman of the Nomination Committee; and
- (3) Ms. Chu Yin Yin, Georgiana (“**Ms. Chu**”), an executive Director and a company secretary of the Company, has been appointed as a member of the Nomination Committee.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group recognises the importance of transparency and accountability to shareholders. The Board will continually review and enhance its corporate governance practices to ensure that they meet shareholders' expectation and comply with relevant standards. As at 30 June 2025, the Company has complied with the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rule**") throughout the Interim Period except for the deviation from the code provision of C.2.1 of Part 2 of the CG Code as below:

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period ended 30 June 2025.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors (the "**INEDs**") of the Company including Mr. Wong (Committee Chairman), Mr. Lam Cheung Shing, Richard ("**Mr. Lam**") and Mr. Mak Ka Wing, Patrick ("**Mr. Mak**"), have reviewed with the management of the Company, (i) the accounting principles and practices adopted by the Group; (ii) internal controls including relevant internal control measures to govern connected party transactions; and (iii) financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 June 2025. The term of reference of the Audit Committee is available on the Company's website and on the Stock Exchange's website.

REMUNERATION COMMITTEE

The Remuneration Committee comprises two INEDs and one executive Director of the Company including Mr. Wong (Committee Chairman), Mr. Zhu and Mr. Lam. It is mainly responsible for reviewing and evaluating the remuneration policies of executive Directors and senior management and making recommendations to the Board from time to time. The term of reference of the Remuneration Committee is available on the Company's website and on the Stock Exchange's website.

NOMINATION COMMITTEE

The Nomination Committee comprises two INEDs and one executive Director of the Company including Mr. Wong (Committee Chairman), Ms. Chu and Mr. Lam. The Nomination Committee is mainly responsible for reviewing the Board composition, board diversity policy, advising the Board on the appointment and succession planning of Directors and assessing the independence of INEDs. The term of reference of the Nomination Committee is available on the Company's website and on the Stock Exchange's website.

INVESTMENT COMMITTEE

The Investment Committee consists of two executive Directors including Mr. Zhu (Committee Chairman), and Ms. Chu, four senior management including Mr. Tang Po Shing, Mr. Zhong Wei Guang, Mr. Pan Yimin and Ms. Xie Ye. The role of Investment Committee is to oversee the Company's strategic and investment policy on a regular basis and to advise the Board on the investment of the Company including asset allocation and new investment proposal. The term of reference of the Investment Committee is available on the Company's website.

PUBLICATION OF THE INTERIM RESULTS AND REPORT

The interim results announcement is published on the websites of the Company (www.chinawaterind.com) and the Stock Exchange (<http://www.hkex.com.hk>). The interim report of the Company for 2025 containing all information required by the Listing Rules will be dispatched to shareholders and made available on the above websites in due course.

ACKNOWLEDGEMENTS:

On behalf of the Board, I hereby express my heartfelt gratitude to the investors and financial institutions for their unwavering support and trust in the Group, and also to all our colleagues in the China Water for their unremitting efforts. Time and tide wait for no man and in the second half of the year, the Group will insist on making efforts and attach equal importance to both the existing and new businesses and look forward to sharing with you the experience and achievements of the Group.

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

Hong Kong, 28 August 2025

* The English name is for identification purpose only