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New Universe Environmental Group Limited

新宇環保集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 436)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS	2025	2024
	HK\$'000	HK\$'000
Total revenue	348,814	349,416
Adjusted EBITDA	87,717	72,783
Loss attributable to shareholders	(9,569)	(26,335)
Basic and diluted loss per share <i>(in HK cents)</i>	(0.32)	(0.87)
Final dividend per share <i>(in HK cents)</i>	0.16	0.16
Equity attributable to shareholders at 31 December	881,755	869,053
Bank borrowings as 31 December	49,406	44,752
Cash and cash equivalents at 31 December	271,135	220,823

ANNUAL RESULTS 2025

The board (the “**Board**”) of directors (the “**Directors**”) of New Universe Environmental Group Limited (the “**Company**”) hereby announces the audited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2025 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

		2025	2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3(a)	348,814	349,416
Cost of sales		<u>(280,321)</u>	<u>(294,585)</u>
Gross profit		68,493	54,831
Other revenue	4	3,704	3,745
Other income	5	5,852	5,705
Distribution costs		(14,630)	(17,585)
Administrative expenses		(43,669)	(43,699)
Research and development expenses		(5,016)	(5,716)
Reversal of impairment loss on trade receivables, net		6,137	5,009
Other operating expenses	7	<u>(7,801)</u>	<u>(7,031)</u>
Operating profit/(loss)		13,070	(4,741)
Finance income	6	2,078	4,550
Finance costs	6	<u>(1,600)</u>	<u>(1,811)</u>
Finance income, net	6	478	2,739
Share of results of associates		(4,861)	(9,445)
Share of results of a joint venture		<u>(9,300)</u>	<u>(10,660)</u>
Loss before taxation	7	(613)	(22,107)
Income tax	8	<u>(12,637)</u>	<u>(9,498)</u>
Loss for the year		<u>(13,250)</u>	<u>(31,605)</u>
Attributable to:			
Owners of the Company		(9,569)	(26,335)
Non-controlling interests		<u>(3,681)</u>	<u>(5,270)</u>
		<u>(13,250)</u>	<u>(31,605)</u>
Loss per share	9		
Basic and diluted		<u>HK cents (0.32)</u>	<u>HK cents (0.87)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year	<u>(13,250)</u>	<u>(31,605)</u>
 Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of		
– overseas subsidiaries	29,610	(22,390)
– overseas associates	5,304	(4,389)
– an overseas joint venture	588	(925)
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Fair value changes on equity investments at fair value through other comprehensive income (non-recycling)	(3,500)	16,900
Deferred tax effect relating to changes in fair value of equity investments	<u>(1,060)</u>	<u>(860)</u>
Other comprehensive income/(loss) for the year, net of income tax	<u>30,942</u>	<u>(11,664)</u>
Total comprehensive income/(loss) for the year	<u><u>17,692</u></u>	<u><u>(43,269)</u></u>
 Attributable to:		
Owners of the Company	17,379	(34,694)
Non-controlling interests	<u>313</u>	<u>(8,575)</u>
	<u><u>17,692</u></u>	<u><u>(43,269)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Note</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		494,476	516,681
Right-of-use assets		92,760	93,767
Goodwill		33,000	33,000
Interests in associates		125,508	125,065
Interest in a joint venture		2,374	22,098
Equity investments at fair value through other comprehensive income		94,900	98,400
Deferred tax assets		2,755	4,415
		<u>845,773</u>	<u>893,426</u>
Current assets			
Inventories		4,034	3,876
Trade and bills receivables	11	63,841	67,973
Prepayments, deposits and other receivables		60,176	43,317
Pledged bank deposits		1,954	4,304
Cash and cash equivalents		271,135	220,823
		<u>401,140</u>	<u>340,293</u>
Assets classified as held for sale		14,497	13,896
		<u>415,637</u>	<u>354,189</u>
Current liabilities			
Bank borrowings	12	49,406	44,752
Trade and bills payables	13	34,704	38,613
Accrued liabilities and other payables		157,023	155,167
Contract liabilities		4,722	4,603
Deferred government grants		1,658	1,595
Income tax payable		2,429	2,132
		<u>249,942</u>	<u>246,862</u>
Net current assets		<u>165,695</u>	<u>107,327</u>
Total assets		<u>1,261,410</u>	<u>1,247,615</u>
Total assets less current liabilities		<u>1,011,468</u>	<u>1,000,753</u>

	<i>Note</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current liabilities			
Deferred government grants		5,348	6,715
Deferred tax liabilities		29,796	29,588
		<u>35,144</u>	<u>36,303</u>
Total liabilities		<u>285,086</u>	<u>283,165</u>
Net assets		<u>976,324</u>	<u>964,450</u>
Capital and reserves			
Share capital		30,357	30,357
Reserves		851,398	838,696
Equity attributable to owners of the Company		881,755	869,053
Non-controlling interests		94,569	95,397
Total equity		<u>976,324</u>	<u>964,450</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1 GENERAL INFORMATION

- (a) New Universe Environmental Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 12 November 1999 as an exempt company with limited liability under the Companies Act, Cap. 22 of the Cayman Islands. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Rooms 2110-2112, 21/F, Telford House, 16 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong.
- (b) The Company’s issued shares have been initially listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 18 May 2000. With effect from 1 August 2016, the listing of the shares of the Company was transferred from the GEM to the Main Board of the Stock Exchange.
- (c) These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) that is also the functional currency of the Company while the functional currency of the subsidiaries in the mainland of The People’s Republic of China (“**Mainland China**” or the “**PRC**”) is Renminbi (“**RMB**”). As the Company’s shares are listed in Hong Kong where most of its investors are located, the Directors consider that it is more appropriate to present the consolidated financial statements in HK\$.
- (d) These consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025 were approved for issue by the Board on 20 March 2026.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain amendments to HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries and the Group's interests in associates and a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for the following:

- Equity investments – measured at fair value
- Assets classified as held for sale – measured at the lower of carrying amount and fair value less costs to sell

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are consistent with those in previous year.

(c) Changes in accounting policies

The Group has applied the amendments to HKAS 21 “Lack of Exchangeability” issued by the HKICPA to these financial statements for the current accounting year. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting year.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

Revenue represents the revenue from hazardous waste incineration and landfill services, industrial sewage treatment services and providing related utilities and management services, and from providing factory facilities.

Disaggregation of revenue from contracts with customers by service lines is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers		
Disaggregation by service lines		
– Revenue from hazardous waste incineration and landfill services	226,112	224,254
– Revenue from industrial sewage treatment services and providing related utilities and management services	<u>95,598</u>	<u>95,865</u>
	321,710	320,119
Revenue from other sources		
– Leasing income from providing factory facilities	<u>27,104</u>	<u>29,297</u>
Total revenue	<u><u>348,814</u></u>	<u><u>349,416</u></u>
Timing of revenue recognition in respect of contracts with customers		
– At a point in time	226,112	224,254
– Over time	<u>95,598</u>	<u>95,865</u>
	<u><u>321,710</u></u>	<u><u>320,119</u></u>

For the year ended 31 December 2025, there was no customer with whom transactions have exceeded 10% of the Group's revenue (2024: Nil).

The Group has applied practical expedient of HKFRS 15, Revenue from Contracts with Customers to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the end of the reporting period as the performance obligation is part of a contract that has an original expected duration of one year or less.

(b) Segment reporting

The Group manages its business by segments, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Company's executive Directors, being the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments:

- (i) provision of environmental treatment and disposal services for industrial and medical wastes;
- (ii) provision of environmental plating sewage treatment, management services and provision of related facilities and utilities in an eco-plating specialised zone; and
- (iii) investments in plastic materials dyeing business.

(c) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

- (i) Segment assets include all tangible assets, goodwill, interests in associates and a joint venture, and current assets with the exception of intercompany receivables and other unallocated head office and corporate assets. Segment liabilities include current taxation, deferred tax liabilities, trade payables, lease liabilities, other payables and accrued expenses attributable to the activities of the individual segments and borrowings managed directly by the segments, with the exception of intercompany payables and other unallocated head office and corporate liabilities.
- (ii) Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.
- (iii) The measure used for reporting segment profit is "reportable segment results". To arrive at "reportable segment results", the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as head office or corporate administration costs. Taxation charge is not allocated to reportable segments.
- (iv) In addition to receiving segment information concerning "reportable segment results", management is provided with segment information including revenue, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations.

For the year ended 31 December 2025

	Operating segments					Total HK\$'000
	Environmental waste treatment and disposal HK\$'000	Environmental sewage treatment, management services, utilities and facilities HK\$'000	Plastic dyeing investments HK\$'000	Segment sub-total HK\$'000	Unallocated head office and corporate HK\$'000	
Revenue from external customers	226,112	122,702	-	348,814	-	348,814
Other revenue	-	-	3,704	3,704	-	3,704
Reportable segment revenue	226,112	122,702	3,704	352,518	-	352,518
Reportable segment results	(21,374)	32,253	3,367	14,246	-	14,246
Other income	2,645	3,198	-	5,843	9	5,852
Finance income	1,896	76	68	2,040	38	2,078
Finance costs	(1,600)	-	-	(1,600)	-	(1,600)
Depreciation and amortisation	(49,737)	(22,269)	-	(72,006)	(563)	(72,569)
Reversal of impairment loss on trade receivables, net	5,772	365	-	6,137	-	6,137
Reportable segment assets	821,518	318,602	95,161	1,235,281	26,129	1,261,410
Additions to non-current segment assets	4,175	26,905	-	31,080	6	31,086
Reportable segment liabilities	208,470	65,048	8,241	281,759	3,327	285,086

For the year ended 31 December 2024

	Operating segments					Total HK\$'000
	Environmental waste treatment and disposal HK\$'000	Environmental sewage treatment, management services, utilities and facilities HK\$'000	Plastic dyeing investments HK\$'000	Segment sub-total HK\$'000	Unallocated head office and corporate HK\$'000	
Revenue from external customers	224,254	125,162	-	349,416	-	349,416
Other revenue	-	-	3,745	3,745	-	3,745
Reportable segment revenue	224,254	125,162	3,745	353,161	-	353,161
Reportable segment results	(36,280)	25,852	3,330	(7,098)	-	(7,098)
Other income	4,427	1,278	-	5,705	-	5,705
Finance income	4,205	(128)	16	4,093	457	4,550
Finance costs	(1,811)	-	-	(1,811)	-	(1,811)
Depreciation and amortisation	(52,312)	(20,277)	-	(72,589)	(385)	(72,974)
Reversal of impairment loss on trade receivables, net	4,147	862	-	5,009	-	5,009
Reportable segment assets	817,041	305,189	98,754	1,220,984	26,631	1,247,615
Additions to non-current segment assets	2,986	23,149	-	26,135	1,066	27,201
Reportable segment liabilities	208,690	64,444	7,181	280,315	2,850	283,165

(d) **Reconciliation of reportable segment revenue, profit or loss, assets and liabilities**

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue		
Consolidated revenue	348,814	349,416
Elimination of inter-segment revenue	–	–
Other revenue	<u>3,704</u>	<u>3,745</u>
Reportable segment revenue	<u><u>352,518</u></u>	<u><u>353,161</u></u>
Loss before taxation		
Reportable segment profit/(loss)	14,246	(7,098)
Unallocated head office and corporate expenses	<u>(14,859)</u>	<u>(15,009)</u>
Consolidated loss before taxation	<u><u>(613)</u></u>	<u><u>(22,107)</u></u>
Assets		
Reportable segment assets	1,235,281	1,220,984
Unallocated head office and corporate assets	<u>26,129</u>	<u>26,631</u>
Consolidated total assets	<u><u>1,261,410</u></u>	<u><u>1,247,615</u></u>
Liabilities		
Reportable segment liabilities	281,759	280,315
Unallocated head office and corporate liabilities	<u>3,327</u>	<u>2,850</u>
Consolidated total liabilities	<u><u>285,086</u></u>	<u><u>283,165</u></u>

(e) **Geographic information**

All revenue and non-current assets of the Group are generated from and located in the PRC, respectively. Accordingly, no analysis by geographical basis is presented.

4 OTHER REVENUE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Dividend income from equity investments at fair value through other comprehensive income	<u><u>3,704</u></u>	<u><u>3,745</u></u>

5 OTHER INCOME

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Waiver concessions received from service providers	1,057	3,082
Release of deferred government grants	1,629	1,623
Net gain on insurance recovery	1,777	–
Refund of value-added tax	–	62
Government grants	–	296
Sundry income	1,389	642
	<u>5,852</u>	<u>5,705</u>

6 FINANCE INCOME AND COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Finance income from:		
Interest income on bank deposits	3,519	4,555
Net foreign exchange loss	(1,441)	(5)
Total finance income	<u>2,078</u>	<u>4,550</u>
Interest expenses on:		
Bank borrowings	(1,600)	(1,802)
Lease liabilities	–	(9)
Total finance costs	<u>(1,600)</u>	<u>(1,811)</u>
Net finance income	<u>478</u>	<u>2,739</u>

7 LOSS BEFORE TAXATION

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Auditor's remuneration:		
– audit services	1,350	1,350
– non-audit services	210	210
	<u>1,560</u>	<u>1,560</u>
Depreciation of property, plant and equipment	<u>69,641</u>	<u>69,743</u>
Depreciation of right-of-use assets	<u>2,928</u>	<u>3,231</u>
Operating lease charges: minimum lease payments		
– land and buildings in Hong Kong	1,080	1,080
– landfill in the PRC	109	108
	<u>1,189</u>	<u>1,188</u>
Other operating expenses:		
Net loss on disposal of property, plant and equipment	889	1,083
Costs on litigations and on-compliance incidents	560	707
Legal and professional expenses	5,235	4,208
Other expenses	1,117	1,033
	<u>7,801</u>	<u>7,031</u>
Staff costs:		
– Directors' emoluments	4,014	4,024
– salaries, wages and other benefits of employees other than directors	53,932	56,957
– contributions to retirement benefits schemes	9,541	10,240
– equity-settled share-based payment expenses	180	353
Total staff costs	<u>67,667</u>	<u>71,574</u>
Cost of sales (<i>note</i>)	<u>280,321</u>	<u>294,585</u>

Note:

Included in cost of sales were raw materials in the amount of HK\$36,273,000 (2024: HK\$33,938,000), water and electricity in the amount of HK\$42,574,000 (2024: HK\$43,087,000), staff costs of HK\$30,527,000 (2024: HK\$34,845,000), and depreciation of HK\$67,795,000 (2024: HK\$67,622,000), and of which staff costs and depreciation have already been included in the respective total amounts disclosed above.

8 INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax		
PRC Corporate Income Tax	10,071	8,207
Under-provision in respect of prior years	426	61
PRC Dividend Withholding Tax	1,179	967
	<u>11,676</u>	<u>9,235</u>
Deferred tax		
PRC Dividend Withholding Tax	(1,179)	(967)
Origination and reversal of other temporary differences	2,140	1,230
	<u>12,637</u>	<u>9,498</u>

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgins Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgins Islands.
- (ii) Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the years. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2025 and 2024.
- (iii) The Company's subsidiaries in PRC are subject to a statutory Corporate Income Tax ("CIT") at the rate of 25% (2024: 25%), except for the subsidiaries which are qualified as the High and New Technology Enterprise in PRC that would be entitled to enjoy a preferential CIT at the rate of 15% (2024: 15%). Dividend distribution from subsidiaries in PRC to the holding companies in Hong Kong is subject to a reduced withholding tax rate of 5% (2024: 5%).

9 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company and the weighted average number of ordinary shares of the Company in issue during the year as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss attributable to owners of the Company, as used in the calculation of basic and diluted loss per share	<u>9,569</u>	<u>26,335</u>
<i>Weighted average number of ordinary shares</i>		
	2025	2024
Ordinary shares in issue at 1 January and 31 December	<u>3,035,697,018</u>	<u>3,035,697,018</u>

(b) Diluted loss per share

No assumption was made for the exercise of the share options since the assumed exercise of share options would result in a decrease in loss per share.

10 DIVIDENDS

(a) Dividends payable to owners of the Company attributable to the year

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Final dividend proposed after the end of the reporting period of HK\$0.0016 (2024: HK\$0.0016) per share	<u>4,857</u>	<u>4,857</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period and is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year of HK\$0.0016 (2024: HK\$0.0016) per share	<u>4,857</u>	<u>4,857</u>

11 TRADE AND BILLS RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	50,802	63,639
Lease receivables	6,902	11,809
Bills receivables	17,157	10,194
	<u>74,861</u>	<u>85,642</u>
Less: allowance for credit loss	(11,020)	(17,669)
	<u><u>63,841</u></u>	<u><u>67,973</u></u>

Ageing analysis

The ageing analysis of trade receivables (including lease receivables) and bills receivables as of the end of the reporting period, based on the invoice date and net of loss allowance is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 to 30 days	39,163	35,782
31 days to 60 days	8,652	9,449
61 days to 90 days	5,372	6,511
91 days to 180 days	4,218	6,761
181 days to 360 days	3,397	2,271
Over 1 year	3,039	7,199
	<u><u>63,841</u></u>	<u><u>67,973</u></u>

The Group's trading terms with its customers are mainly on credit. The Group allows an average credit period of 60 days to its customers of the environmental industrial waste, sewage and sludge treatment services and its lessees, and an extended average credit period of 180 days to the customers of regulated medical waste treatment from hospitals and medical clinics.

12 BANK BORROWINGS

At the end of the reporting period, interest-bearing bank borrowings of the Group were repayable as follows:

	<i>Note</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current liabilities			
– Secured bank borrowings	(i), (iii)	22,200	21,280
– Unsecured bank borrowings	(ii)	27,206	23,472
	(iv)	49,406	44,752

At the end of the reporting period, the carrying amounts of the Group's bank borrowings were denominated in the following currency:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Renminbi	49,406	44,752

Notes:

- (i) Secured bank borrowings carry fixed interest rates ranged from 3.08% to 3.50% (2024: 3.50% to 4.00%) per annum.
- (ii) Unsecured bank borrowings carry interest rates ranged from 2.90% to 3.50% (2024: 3.20% to 3.50%) per annum.
- (iii) As at 31 December 2025, the secured bank borrowings were secured by pledge of land use rights and certain property, plant and equipment of approximately HK\$7,398,000 (2024: HK\$7,266,000) and HK\$40,877,000 (2024: HK\$47,392,000) respectively.
- (iv) The Group's short-term loan facilities amounting to HK\$97,156,000 (2024: HK\$96,672,000), of which HK\$49,406,000 (2024: HK\$44,752,000) has been utilised at the end of the reporting period.

13 TRADE AND BILLS PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	28,377	33,612
Bills payables	6,327	5,001
	<u>34,704</u>	<u>38,613</u>

The following is an ageing analysis of trade payables based on the invoice date at the end of the reporting period:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 to 30 days	13,716	9,485
31 days to 60 days	4,862	4,344
61 days to 90 days	1,445	3,384
Over 91 days	8,354	16,399
	<u>28,377</u>	<u>33,612</u>

Trade payables are non-interest bearing and normally settled within 90 days to 180 days.

14 CONTINGENCIES

(a) Legal contingencies

Legal proceedings were in process against New Universe Environmental Technologies (Jiang Su) Limited (“**NUET(JS)**”), an 82% indirectly owned subsidiary of the Company incorporated in Hong Kong. Two existing shareholders (each a “**Plaintiff**”, Mr. YIN Yong Xiang and Mr. SUN Jia Qing, both are the existing directors of Zhenjiang New Universe Solid Waste Disposal Company Limited (“**Zhenjiang New Universe**”) and each holding 8% of the issued share capital of NUET(JS)) actioned separately against NUET(JS) and alleged that NUET(JS) should immediately pay each Plaintiff accrued and unpaid dividends of approximately HK\$26,579,000 (approximately RMB22,478,000) and interest thereon in the amount of approximately RMB4,058,000 (the “**Actions**”). In connection with the Actions, Jiangsu Zhenjiang Intermediate People’s Court (the “**Court**”) had approved each of the Plaintiffs’ applications to grant each of them an asset preservation order to preserve (the “**Asset Preservation**”) 38.54% of the equity rights of Zhenjiang New Universe, a wholly-owned subsidiary of NUET(JS) in the PRC, with effect from 18 March 2022 and, with extension granted to 12 March 2028, will last until the Asset Preservation is lifted by the Court. Although the Court handed down two civil judgments dated 4 January 2023 and 5 January 2023 to dismiss the two Actions respectively, both Plaintiffs did not admit to the judgments of the Court and have each submitted a civil appeal both dated 29 January 2023 to request for (i) the revocation of the judgments of the Court; and (ii) NUET(JS) to bear the respective judged costs of the Actions.

The civil appeals have been heard in the Jiangsu Province High People's Court in Mainland China and are pending for judgement. As such Actions are still ongoing, the Asset Preservations will continue to remain in effect.

The Group has already recognised the amounts being claimed under the Actions as dividends payable to non-controlling interests of a subsidiary under accrued liabilities and other payables in the consolidated financial statements but no provision has been recognised for any interest claimed under the Actions on those accumulative and rolling amounts payable to the non-controlling interests without fixed terms of payment.

As at 31 December 2025, the amounts accrued in the consolidated financial statements for both Plaintiffs were in aggregate of approximately HK\$51,080,000 (2024: HK\$51,080,000).

(b) Contingencies arising from guarantee

On 25 September 2020, the Company and Guangxi Rongkai Huayuan Electroplating Industrial Park Investment Company Limited (the “**Joint Venturer**”) entered into a joint and several guarantee arrangement with Bank of China Limited, Liuzhou Branch (“**BOC Liuzhou Branch**”) in the PRC to secure the repayment obligations of the joint venture, Liuzhou Xinyu Rongkai Solid Waste Disposal Company Limited* (“**Xinyu Rongkai**”), in respect of bank loan facilities of RMB120,000,000. The guarantee is provided on a pro rata basis, with the Company and the Joint Venturer guaranteeing 65% and 35%, respectively, and remains effective until 31 December 2027. Xinyu Rongkai is accounted for by the Group using the equity method.

As at 31 December 2025, total banking facilities of RMB129,000,000 had been granted to Xinyu Rongkai, of which RMB125,100,000 had been utilised for the construction of its incineration facilities of Xinyu Rongkai. The remaining outstanding loan principal of approximately RMB47,048,000, bearing interest at 4.25% per annum, was due on 21 June 2025.

Xinyu Rongkai has defaulted in full settlement of the outstanding loan amounted to approximately RMB47,048,000 on 21 June 2025. Under the joint and several guarantee, the bank is entitled to demand repayment of any outstanding principal, interest, penalty interest and related costs from either guarantor irrespective of their respective equity interests.

As disclosed in the Company's announcement dated 13 November 2025, following the default, BOC Liuzhou Branch initiated legal proceedings in the Liuzhou Intermediate People's Court, naming the Company as the second defendant in its capacity as one of the guarantors. The plaintiff seeks repayment of the outstanding loan amounts and enforcement against the mortgaged assets of Xinyu Rongkai. The court hearing is scheduled for 9 April 2026.

On 5 January 2026, the Company received a Loan Repayment Demand Notice and Notice of Fulfillment of Guarantee Obligation dated 23 December 2025 from BOC Liuzhou Branch, demanding repayment of approximately RMB49,063,000 (comprising outstanding principal, interest, and penalty charges) as at 22 December 2025.

The Group accounts for its investment in Xinyu Rongkai using the equity method. The total liabilities under the default bank loan of Xinyu Rongkai as at 31 December 2025, approximately RMB49,047,000 (approximately HK\$54,442,000), including accrued interest and penalty charges, have been fully recognised in the financial statements of the joint venture, and the Group's 65% proportionate share has been reflected in the Group's consolidated financial statements.

The Company and Joint Venturer expect the loan defaulted by Xinyu Rongkai can be resolved on a fair and equitable basis through negotiations with the bank. The Company was actively negotiate with the bank for restructuring or settlement.

The Company has not recognised a provision as the outflow of economic benefits is not yet probable pending further development in negotiations and the legal proceedings initiated by the bank.

(c) Environmental contingencies

For the year ended 31 December 2025, the Group's subsidiaries have provided regulated medical waste treatment and disposal services to hospitals and medical clinics, and provided hazardous industrial waste treatment services and industrial sewage treatment and disposal services in Jiangsu Province, the PRC. The related operations require valid operating permission licences for processing specific categories of hazardous waste and/or regulated medical waste and industrial sewage treatment services issued by the Environmental Protection Department of the Jiangsu Province, the PRC. To the best knowledge of the Directors, each of the Group's subsidiaries which carries out treatment operations for hazardous industrial waste treatment and/or regulated medical waste and industrial sewage treatment services has complied with the relevant regulations to ensure continuous renewal of the licences concerned with best efforts, or otherwise, the subsidiary would cease its operations temporarily until the relevant licence(s) is being issued. Save as disclosed therein, for the year ended 31 December 2025 and up to the date of this announcement, the Group's subsidiaries in the PRC have not incurred significant expenditures for environmental remediation and have not currently involved in any significant environmental remediation. In addition, the Company and the Group's subsidiaries in the PRC have not accrued any amounts for environmental remediation relating to its operations. Under existing legislations and regulations, the management believes that there are no probable liabilities that will have a material adverse effect to the financial position or operating results of the Group.

Save as disclosed herein, there were no other significant contingent liabilities of the Group as at 31 December 2025 (2024: Nil).

15 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the Directors proposed a final dividend. Details are disclosed in note 10(a).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2025, the business performance of the Group was still at a loss with slight improvement as compared to 2024 amidst the continued impact of the changing market encountered by the hazardous waste treatment sectors.

For the year ended 31 December 2025, the Group's total revenue decreased by 0.2% to HK\$348,814,000 (2024: HK\$349,416,000) and recorded a net loss of HK\$13,250,000 (2024: net loss of HK\$31,605,000).

For the year ended 31 December 2025, the loss attributable to owners of the Company was HK\$9,569,000 (2024: attributable loss of HK\$26,335,000).

Equity attributable to owners of the Company as at 31 December 2025 increased to HK\$881,755,000 (2024: HK\$869,053,000). Total bank borrowings of the Group as at 31 December 2025 increased to HK\$49,406,000 (2024: HK\$44,752,000). Cash and cash equivalents of the Group as at 31 December 2025 increased to HK\$271,135,000 (2024: HK\$220,823,000).

Environmental Treatment and Disposal Services for Industrial and Medical Wastes

For the year ended 31 December 2025, the Company's subsidiaries had collected from external customers for treatment and disposal in aggregate of approximately 134,580 metric tonnes (2024: 167,964 metric tonnes) of different wastes, with 98,505 metric tonnes (2024: 96,078 metric tonnes) of hazardous waste and 36,075 metric tonnes (2024: 71,886 metric tonnes) of non-hazardous industrial waste, from various cities in Jiangsu Province, the PRC and the total segment revenue from the provision of environmental treatment and disposal services for industrial and medical wastes was approximately HK\$226,112,000 (2024: HK\$224,254,000).

	2025		2024	
	Waste collected and disposed <i>metric tonnes</i>	Segment revenue <i>HK\$'000</i>	Waste collected and disposed <i>metric tonnes</i>	Segment revenue <i>HK\$'000</i>
Hazardous industrial waste	91,232	179,224	88,752	176,779
Regulated medical waste	7,273	35,255	7,326	36,122
General industrial solid waste (note)	36,075	11,633	71,886	11,353
Total	<u>134,580</u>	<u>226,112</u>	<u>167,964</u>	<u>224,254</u>

Note:

The Group has phased out the operation of collection and disposal of general industrial solid waste in Zhenjiang, Jiangsu Province, the PRC, since 2024.

The Group holds interests in two associates, with 30% equity interest in Zhenjiang Xin Qu Solid Waste Disposal Limited* (“**Zhenjiang Xin Qu**”) which was licensed for flexible landfill disposal of 20,000 metric tonnes and rigid landfill disposal of 20,000 metric tonnes of hazardous waste respectively per annum, and 30% equity interest in Nanjing Chemical Industry Park Tianyu Solid Waste Disposal Company Limited (“**NCIP**”) which was licensed for collection, incineration and disposal of 38,000 metric tonnes of hazardous industrial waste per annum in the PRC. The attributable results of Zhenjiang Xin Qu and NCIP are accounted for on equity method and classified under the operating segment of environmental treatment and disposal services for industrial and medical wastes of the Group. For the year ended 31 December 2025, the Group shared a net profit of HK\$721,000 from Zhenjiang Xin Qu (2024: net profit of HK\$1,279,000) and shared a net loss of HK\$5,582,000 (2024: net loss of HK\$10,724,000) from NCIP respectively.

The Group holds 65% equity interest in a Sino-foreign joint venture, Xinyu Rongkai, which owned the capacity for collection, incineration and disposal of 20,000 metric tonnes of hazardous industrial waste per annum in Liuzhou, Guangxi Province, the PRC. The attributable results of Xinyu Rongkai is accounted for on equity method and classified under the operating segment of environmental treatment and disposal services for industrial and medical wastes of the Group. For the year ended 31 December 2025, the Group shared a net loss of HK\$9,300,000 (2024: net loss of HK\$10,660,000).

For the year ended 31 December 2025, the loss margin (pre-tax) of the Group’s operating segment of environmental treatment and disposal services for industrial and medical wastes was approximately 9.5% (2024: 16.2%).

At the end of the reporting period, the Group's combined capacity of the licensed waste treatment and disposal facilities for the provision of environmental treatment and disposal services for industrial and medical wastes was summarised as follows:

		2025	2024
		Annual	Annual
		capacity	capacity
	<i>Note</i>	<i>metric tonnes</i>	<i>metric tonnes</i>
Subsidiaries in the PRC:			
Licensed hazardous waste incineration facilities		135,400	135,400
Licensed epidemic medical waste incineration facilities	(i)	11,800	11,467
Licensed epidemic medical waste hi-temperature steaming treatment facilities	(ii)	3,850	3,300
Associated companies in the PRC:			
Licensed hazardous waste incineration facilities		38,000	38,000
Licensed hazardous waste landfill facilities	(iii)	40,000	33,333
Combined licensed waste treatment and disposal facilities	(iv)	229,050	221,500

Notes:

- (i) A renewal operating permission licence has been granted to a subsidiary located at Zhenjiang, Jiangsu Province, the PRC for incineration of regulated medical waste with an annual capacity increased to 800 metric tonnes from previously 80 metric tonnes per annum in June 2024.
- (ii) A renewal operating permission licence has been granted to a subsidiary located at Zhenjiang, Jiangsu Province, the PRC for hi-temperature steaming treatment of regulated medical waste with an annual capacity increased to 4,950 metric tonnes from previously 3,300 metric tonnes per annum in September 2025.
- (iii) A renewal operating permission licence has been granted to Zhenjiang Xin Qu for flexible landfill disposal of 20,000 metric tonnes and rigid landfill disposal of 20,000 metric tonnes of hazardous waste respectively per annum in May 2024.
- (iv) The combined capacity of the licensed waste treatment and disposal facilities represents the total effective treatment and disposal quantity of hazardous waste allowable to handle under the valid operating permission licences with contribution to the results of the Group as at the end of the reporting period calculated on annualised basis. The combined licensed treatment and disposal facilities above do not include (a) the hazardous waste landfill facilities with an annual capacity of 18,000 metric tonnes constructed and owned by a subsidiary situated at Yancheng, Jiangsu Province, the PRC, of which the operating permission licence lapsed in November 2017 and pending the governmental approval to resume operation, and (b) the facilities constructed and owned by a joint venture, Xinyu Rongkai situated at Liuzhou, Guangxi, the PRC for collection, incineration and disposal of hazardous industrial waste with an annual capacity of 20,000 metric tonnes lapsed in October 2023 and pending governmental approval to resume operation.

Environmental Plating Sewage Treatment Services in Eco-plating Specialised Zone

For the year ended 31 December 2025, total revenue from the operating segment of provision of environmental plating sewage treatment services and provision of leasing facilities and related utilities in the eco-plating specialised zone owned by the Group situated at Zhenjiang, Jiangsu Province, the PRC (the “**Eco-plating Specialised Zone**”) was approximately HK\$122,702,000 (2024: HK\$125,162,000) and the segment profit margin (pre-tax) was approximately 26.3% (2024: 20.7%).

	Segment revenue	
	2025	2024
	HK\$'000	HK\$'000
Industrial sewage treatment and providing public utilities and management services	95,598	95,865
Leasing of factory buildings and facilities	27,104	29,297
Total	122,702	125,162
	2025	2024
Average gross floor area of factory buildings and facilities available for leasing (square metres)	111,053	101,034
Average utilisation rate of buildings and facilities	81.7%	85.2%
Plating sewage handled by the centralised sewage treatment plant (metric tonnes per annum)	392,080	315,038
Average utilisation rate of sewage treatment capacity	23.8%	19.1%

The Eco-plating Specialised Zone has a total land area of approximately 180,000 square metres, in which, office building, factory buildings, and centralised filtering plants were built. Currently, the office building and centralised sewage filtering and sludge treatment plants were built with a total gross floor area of 19,560 square metres, and factory buildings and facilities with a total gross area of 106,807 square metres and available for leasing to manufacturing clients which undertake their plating-related operations inside the Eco-plating Specialised Zone. The Group owns 22 factory buildings in the Eco-plating Specialised Zone which are leased by 33 (2024: 33) manufacturing clients as at 31 December 2025. The Group operates a centralised plating sewage treatment plant, a centralised industrial sludge treatment plant and customised facilities equipped for all clients in the zone.

Investments in Plastic Materials Dyeing Business

The Group holds the equity interests in three manufacturing entities, which principally engaged in plastic materials dyeing in the PRC, as equity investments. For the year ended 31 December 2025, the profit margins (pre-tax) of Suzhou New Huamei Plastics Company Limited (“**Suzhou New Huamei**”), Danyang New Huamei Plastics Company Limited (“**Danyang New Huamei**”) and Qingdao Zhongxin Huamei Plastics Company Limited (“**Qingdao Huamei**”) were 1.5%, 0.1% and 5.6% (2024: 2.0%, 2.4% and 4.3%) respectively.

For the year ended 31 December 2025, total dividend received by the Group (before PRC dividend withholding tax) in relation to the results of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei in previous year was approximately HK\$3,704,000 (2024: HK\$3,745,000).

BUSINESS OUTLOOK

During the year ended 31 December 2025, the Group continued to operate in a challenging market environment. The hazardous waste treatment industry in the PRC, especially within Jiangsu Province, continued to experience intense competition and structural overcapacity, resulting in ongoing pricing pressure. These conditions contributed to a decline in the Group’s operating revenue.

In response, management took decisive steps to improve operational and financial resilience, including the temporary suspension of selected loss-making operations. The Group has consistently complied with national environmental standards and has diligently maintained its waste treatment facilities. Looking ahead to 2026, efforts will focus on securing timely renewals of hazardous waste operating licences and minimising operational disruptions during necessary upgrades to incineration facilities.

As at 31 December 2025, the Group’s subsidiaries in the PRC held operating permission licences for the annual incineration of 135,400 metric tonnes of hazardous waste and 11,800 metric tonnes of regulated medical waste. The centralised wastewater treatment system within the Eco-plating Specialised Zone remains well-maintained and continues to serve 33 professional plating enterprises. The leasable factory space within the zone has increased to 111,053 square metres in 2025.

Looking forward, the Group will continue to evaluate opportunities for business restructuring and industrial optimisation to enhance the long-term sustainability of its environmental operations. The Group remains committed to maintaining sound corporate governance and environmental compliance across all business units.

Subject to prevailing market conditions and regulatory developments in the PRC, the Group will continue to implement measures aimed at improving operational efficiency and financial performance. Through disciplined resource allocation and ongoing process refinement, the Group will seek to strengthen its operating fundamentals and deliver incremental value to shareholders in the coming year.

FINANCIAL REVIEW

The summary of annual results for the year ended 31 December 2025 together with corresponding figures for 2024 is presented as follows:

Summary of annual results

	<i>Note</i>	Year ended 31 December		
		2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	Change %
Revenue from environmental treatment and disposal services for industrial and medical wastes		226,112	224,254	+0.8
Revenue from environmental industrial sewage treatment, utilities, management services, and leasing out factory facilities		122,702	125,162	-2.0
Total Revenue	1	348,814	349,416	-0.2
Average gross profit margin (in percentage)	2	19.6	15.7	+24.8
Other revenue	3	3,704	3,745	-1.1
Other income	4	5,852	5,705	+2.6
Distribution costs	5	(14,630)	(17,585)	-16.8
Administrative expenses	6	(43,669)	(43,699)	-0.1
Research and development expenses	7	(5,016)	(5,716)	-12.2
Other operating expenses	8	(7,801)	(7,031)	+11.0
Reversal of impairment loss on trade receivables, net	9	6,137	5,009	+22.5
Finance income	10	2,078	4,550	-54.3
Finance costs	11	(1,600)	(1,811)	-11.7
Share of results of associates	12	(4,861)	(9,445)	-48.5
Share of results of a joint venture	13	(9,300)	(10,660)	-12.8
Income tax	14	(12,637)	(9,498)	+33.0
Net loss for the year	15	(13,250)	(31,605)	-58.1
Loss attributable to owners of the Company	15	(9,569)	(26,335)	-63.7
Basic LPS (in HK cents)	15	(0.32)	(0.87)	-63.2
Diluted LPS (in HK cents)	15	(0.32)	(0.87)	-63.2
Adjusted EBITDA	16	87,717	72,783	+20.5

Summary of annual results by semi-annual cycle

		1H 2025	2H 2025	Total 2025
	Note	HK\$'000	HK\$'000	HK\$'000
Revenue from environmental treatment and disposal services for industrial and medical wastes		108,444	117,668	226,112
Revenue from environmental industrial sewage treatment, utilities, management services, and leasing out factory facilities		<u>56,675</u>	<u>66,027</u>	<u>122,702</u>
Total Revenue	1	<u>165,119</u>	<u>183,695</u>	<u>348,814</u>
Average gross profit margin (in percentage)	2	15.8	23.1	19.6
Other revenue	3	3,704	–	3,704
Other income	4	2,833	3,019	5,852
Distribution costs	5	(7,663)	(6,967)	(14,630)
Administrative expenses	6	(19,992)	(23,677)	(43,669)
Research and development expenses	7	(2,481)	(2,535)	(5,016)
Other operating expenses	8	(2,695)	(5,106)	(7,801)
Reversal of impairment loss on trade receivables, net	9	278	5,859	6,137
Finance income	10	1,178	900	2,078
Finance costs	11	(833)	(767)	(1,600)
Share of results of associates	12	(3,667)	(1,194)	(4,861)
Share of results of a joint venture	13	(4,455)	(4,845)	(9,300)
Income tax	14	(5,760)	(6,877)	(12,637)
Net (loss)/profit for the period	15	(13,509)	259	(13,250)
(Loss)/profit attributable to owners of the Company	15	(10,619)	1,050	(9,569)
Basic (LPS)/EPS (in HK cents)	15	(0.35)	0.03	(0.32)
Diluted (LPS)/EPS (in HK cents)	15	(0.35)	0.03	(0.32)
Adjusted EBITDA	16	<u>37,420</u>	<u>50,297</u>	<u>87,717</u>

	<i>Note</i>	1H 2024 <i>HK\$'000</i>	2H 2024 <i>HK\$'000</i>	Total 2024 <i>HK\$'000</i>
Revenue from environmental treatment and disposal services for industrial and medical wastes		105,297	118,957	224,254
Revenue from environmental industrial sewage treatment, utilities, management services, and leasing out factory facilities		<u>60,773</u>	<u>64,389</u>	<u>125,162</u>
Total Revenue	1	<u>166,070</u>	<u>183,346</u>	<u>349,416</u>
Average gross profit margin (in percentage)	2	12.0	19.0	15.7
Other revenue	3	3,745	–	3,745
Other income	4	3,564	2,141	5,705
Distribution costs	5	(10,083)	(7,502)	(17,585)
Administrative expenses	6	(22,071)	(21,628)	(43,699)
Research and development expenses	7	(2,707)	(3,009)	(5,716)
Other operating expenses	8	(3,031)	(4,000)	(7,031)
Reversal of impairment loss on trade receivables, net	9	1,927	3,082	5,009
Finance income	10	1,827	2,723	4,550
Finance costs	11	(914)	(897)	(1,811)
Share of results of associates	12	(5,145)	(4,300)	(9,445)
Share of results of a joint venture	13	(5,890)	(4,770)	(10,660)
Income tax	14	(4,859)	(4,639)	(9,498)
Net loss for the period	15	(23,706)	(7,899)	(31,605)
Loss attributable to owners of the Company	15	(20,248)	(6,087)	(26,335)
Basic LPS (in HK cents)	15	(0.67)	(0.20)	(0.87)
Diluted LPS (in HK cents)	15	(0.67)	(0.20)	(0.87)
Adjusted EBITDA	16	<u>29,221</u>	<u>43,562</u>	<u>72,783</u>

Notes:

1. Revenue

Net decrease in total revenue for the year ended 31 December 2025, amounting to HK\$602,000 was mainly attributable to a decrease in the utilisation rate of factory buildings and facilities in the Eco-plating Specialised Zone that resulted in a decrease of HK\$2,460,000.

2. Gross profit margin

The increase in the Group's gross profit margin for the year ended 31 December 2025 was mainly attributable to the decrease in direct costs of the business segments.

3. Other revenue

Net decrease in other revenue for the year ended 31 December 2025, amounting to HK\$41,000, was mainly attributable to the decrease in RMB foreign exchange rates relative to HK\$ upon receipt of cash dividends from the equity investments in the current year.

4. Other income

Net increase in other income for the year ended 31 December 2025, amounting to HK\$147,000, was mainly attributable to the net gain on insurance recovery recorded in the current year.

5. Distribution costs

Net decrease in distribution costs for the year ended 31 December 2025, amounting to HK\$2,955,000, was mainly due to a decrease in marketing agency fees in the current year.

6. Administrative expenses

Net decrease in administrative expenses for the year ended 31 December 2025, with a reduction of HK\$30,000, was mainly caused by a reduction in staff costs in the current year.

7. Research and development expenses

Net decrease in research and development expenses for the year ended 31 December 2025, amounting to HK\$700,000, was mainly attributable to continued adjustment to the R&D departments of the major PRC subsidiaries in the current year.

8. Other operating expenses

Net increase in other operating expenses for the year ended 31 December 2025, amounting to HK\$770,000, was mainly attributable to increase in expenses arisen from litigation and non-compliance cases in the current year.

9. Reversal of impairment loss on trade receivables

The reversal of impairment loss on trade receivables for the year ended 31 December 2025, with a total of HK\$6,137,000 was mainly attributable to improvement in debt recovery in the current year.

10. Finance income

Net decrease in finance income for the year ended 31 December 2025, amounting to HK\$2,472,000, was mainly attributable to a decrease in interest income from free-cash deposits in the current year.

11. Finance costs

Net decrease in finance costs for the year ended 31 December 2025, with a reduction of HK\$211,000, was mainly due to a decrease in the interest rates of bank borrowings in the PRC in the current year.

12. Share of results from associates

Net decrease in loss shared from associates for the year ended 31 December 2025, amounting to HK\$4,584,000, was mainly attributable to the improvement in the business performance of NCIP in the current year.

13. Share of results from the joint venture, Xinyu Rongkai

Net decrease in loss shared from the joint venture, Xinyu Rongkai, for the year ended 31 December 2025, amounting to HK\$1,360,000, was mainly attributable to its decrease in operating costs under continued operation halt in the current year.

14. Income tax

Net increase in income tax for the year ended 31 December 2025, amounting to HK\$3,139,000, was mainly attributable to an increase in taxable profits from operations in the Eco-plating Specialised Zone in the current year.

15. Net loss for the year

For the year ended 31 December 2025, the decreases in the Group's losses, the net loss attributable to owners of the Company, and the respective loss per share ("LPS") were mainly attributable to:

- (i) the increase in revenue and profit from environmental treatment and disposal services for industrial and medical wastes in the PRC owing to a slightly upward adjustment to in the average unit handling price; and
- (ii) the decreases in losses shared from the associate, NCIP, and the joint venture, Xinyu Rongkai.

16. Adjusted EBITDA

The Company uses adjusted (loss)/earnings for the reporting period, excluding the impact of interest, taxation, depreciation, amortisation, share of results of equity-accounted investees, and non-recurring one-time items ("**Adjusted EBITDA**"), to measure the Group's operating results. The increase in Adjusted EBITDA for the year ended 31 December 2025, amounting to HK\$14,934,000 was mainly attributable to the decrease in losses from core business segments in the current year.

Seasonality of operations

For the year ended 31 December 2025, the operation of providing environmental treatment and disposal services for industrial and medical wastes was the key driver of revenue of the Group which encountered a relatively higher demand in the second half of the year.

For the year ended 31 December 2025, the environmental treatment and disposal services for industrial and medical wastes recorded a revenue of HK\$226,112,000 (2024: HK\$224,254,000) and pre-tax loss of HK\$21,374,000 (2024: loss of HK\$36,280,000) with revenue of approximately 48.0% (2024: 47.0%) being accumulated in the first half of the year and approximately 52.0% (2024: 53.0%) being accumulated in the second half of the year.

Capital expenditure

For the year ended 31 December 2025, the Group incurred capital expenditure to increase property, plant and equipment and to acquire land use rights for the operating segment of (i) environmental treatment and disposal services for industrial and medical wastes amounting to approximately HK\$4,175,000 (2024: HK\$2,986,000), (ii) industrial sewage and sludge treatment and facility provision services in the Eco-plating Specialised Zone amounting to approximately HK\$26,905,000 (2024: HK\$23,149,000), and (iii) head office for corporate use in Hong Kong being HK\$6,000 (2024: HK\$1,066,000).

Commitments

At the end of the reporting period, the Group had the following commitments for capital assets:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for:		
– Capital expenditure in respect of property, plant and equipment	15,542	19,198
– Capital contribution to an equity investment	15,941	15,915
	<u>15,542</u>	<u>19,198</u>
	<u>15,941</u>	<u>15,915</u>

On 28 July 2022, Zhenjiang New Universe (an indirectly 82% owned subsidiary of the Company), entered into an investment agreement with the Zhenjiang Economic and Technological Development Zone Management Committee, pursuant to which Zhenjiang New Universe would further invest USD15,000,000 into the local expansion plan of Zhenjiang New Universe which comprises, among others, the building of a new incinerator with a daily capacity of 100 metric tonnes (33,000 metric tonnes per annum) of hazardous waste, the technical transformation of the existing incinerator with a daily capacity of 50 metric tonnes (16,500 metric tonnes per annum) of hazardous waste, and the optimisation of other facilities (the “**Expansion Plan**”). The Directors have decided to suspend the implementation of the Expansion Plan and further injection of capital for the plan since April 2023. The Company has prudently implemented feasible alternatives to transform the facilities of Zhenjiang New Universe with its internally generated cash flows.

Liquidity, financial resources and gearing

- (a) For the year ended 31 December 2025, the Group financed its operations and made payment of debts and liabilities due timely with internally generated cash flows and banking facilities.
- (b) The Group remained moderately stable in its financial position with equity attributable to owners of the Company amounting to approximately HK\$881,755,000 as at 31 December 2025 (2024: HK\$869,053,000) and consolidated total assets amounting to approximately HK\$1,261,410,000 as at 31 December 2025 (2024: HK\$1,247,615,000).
- (c) The Company did not have any equity fund raising activity within the past twelve months immediately prior to the date of this announcement (2024: Nil).
- (d) At the end of the reporting period, the Group had:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
(i) Cash and bank balances:		
in HK\$	57,886	51,186
in RMB	186,986	145,264
in USD	26,263	24,373
	<u>271,135</u>	<u>220,823</u>

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
(ii) Available unused unsecured banking facilities:		
in HK\$	20,000	20,000
in RMB	27,750	31,920
	<u>47,750</u>	<u>51,920</u>
(e) The Group monitors Adjusted EBITDA as performance measure at a consolidated level and considers that it a relevant metric for assessing the Group's financial performance. Adjusted EBITDA is calculated by adjusting profit or loss for the year to exclude the effect of taxation, gross interest expense, depreciation, amortisation, share of results of equity-accounted investees and non-recurring one-time items.		

Reconciliation of adjusted EBITDA to profit or loss for the year:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	<u>(13,250)</u>	<u>(31,605)</u>
Adjustments for:		
– Income tax	12,637	9,498
– Gross interest expense	1,600	1,811
– Depreciation of property, plant and equipment	69,641	69,743
– Depreciation of right-of-use assets	2,928	3,231
– Share of results of associated companies, net of tax	4,861	9,445
– Share of results of a joint venture, net of tax	9,300	10,660
Adjusted EBITDA	<u>87,717</u>	<u>72,783</u>

- (f) The Company monitors the financial performance of the equity-accounted investees through adjusted EBITDA by excluding the impact of the capital investee, finance costs and tax entity structure. Set out below is the adjusted EBITDA of the equity-accounted investees of the Company for the two years ended 31 December 2025:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Adjusted EBITDA of associates:		
Zhenjiang Xin Qu	21,580	19,530
NCIP	1,862	(12,665)
Adjusted EBITDA of joint venture:		
Xinyu Rongkai	(576)	(2,276)
	<u><u> </u></u>	<u><u> </u></u>

- (g) The Group monitors its liquidity through current ratio. The current ratio of the Group representing the ratio of the consolidated current assets to the consolidated current liabilities was 1.66 times as at 31 December 2025 (2024: 1.43 times).
- (h) The Group monitors its capital by reference to the gearing ratio. This ratio is calculated as total interest-bearing borrowings (including lease liabilities, if any) divided by total equity. The gearing ratio at the end of the reporting period was as follows:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total interest-bearing borrowings		
Bank borrowings	<u>49,406</u>	<u>44,752</u>
Total equity	<u>976,324</u>	<u>964,450</u>
Gearing ratio	<u>5.1%</u>	<u>4.6%</u>

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

- (i) At the end of the reporting period, the interest-bearing bank borrowings of the Group were as follows:

	Note	2025 HK\$'000	2024 HK\$'000
Secured RMB bank borrowings	(i)	22,200	21,280
Unsecured RMB bank borrowings	(ii)	27,206	23,472
		<u>49,406</u>	<u>44,752</u>

Notes:

- (i) Bearing interest at fixed rates that ranged from 3.08% to 3.50% (2024: 3.50% to 4.00%) per annum in the current year.
- (ii) Bearing interest at fixed rates that ranged from 2.90% to 3.50% (2024: 3.20% to 3.50%) per annum in the current year.

Capital structure

There was no significant change to the capital structure of the Company as at 31 December 2025 comparing to that as at 31 December 2024.

Material acquisitions and disposals of subsidiaries and affiliated companies

There were no significant investments nor material acquisition and disposal of subsidiaries, associates and joint ventures of the Company for the year ended 31 December 2025.

Significant investments held and their performance

According to the valuation report prepared by an independent professional valuer, Colliers International (Hong Kong) Limited (“Colliers International”) (21 March 2025: Colliers International), the total fair value attributable to the Group’s interests in the equity investments in Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei as at 31 December 2025 was HK\$94,900,000 (2024: HK\$98,400,000).

	Group’s interest	Fair value attributable to the Group		Fair value relative to the Group’s total assets	
		2025 HK\$'000	2024 HK\$'000	2025	2024
Suzhou New Huamei	18.62%	8,700	12,600	0.7%	1.0%
Danyang New Huamei	24.50%	100	10,300	0.0%	0.8%
Qingdao Huamei	28.67%	86,100	75,500	6.8%	6.1%
		<u>94,900</u>	<u>98,400</u>	<u>7.5%</u>	<u>7.9%</u>

The unlisted equity investments acquired by the Group in October 2007 are held for long-term strategic purposes. The change in fair value of the equity investments for the year ended 31 December 2025 were recognised as other comprehensive income and accounted for in the investment revaluation reserve of the Group.

Impairment testing on goodwill

Goodwill was recognised upon the completion of a business combination in 2007 that currently composed of Zhenjiang New Universe and Yancheng New Universe Solid Waste Disposal Company Limited that principally engaged in environmental waste treatment and disposal services in Jiangsu Province, the PRC which since then being identified as a cash-generating unit. As at 31 December 2025, the assessment on the recoverable amount of this cash-generating unit was conducted with reference to the valuation report prepared by Colliers International (21 March 2025: Colliers International), based on reasonable assumptions, including but not limited to the cash flows projection with a growth rate at 1.4% (2024: 1.7%) of that cash-generating unit operating with the licensed incineration capacity of hazardous waste 26,400 metric tonnes per annum and licensed disposal capacity of regulated medical waste 5,750 (2024: 4,100) metric tonnes per annum, and at the pre-tax discount rate of 13.07% (2024: 12.33%) having accounted for the risks encountered in the industries. No impairment loss to the goodwill was considered necessary for the two years ended 31 December 2025 and 2024.

Impairment testing on interest in an associate, NCIP

As at 31 December 2025, the assessment on the recoverable amount of the Group's interest in NCIP, that principally engaged in environmental waste treatment and disposal services in Nanjing, Jiangsu Province, the PRC, was conducted with reference to the valuation report prepared by Colliers International (21 March 2025: Colliers International), based on reasonable assumptions, including but not limited to the cash flows projection of NCIP with a growth rate at 1.4% (2024: 1.7%) of NCIP as cash-generating unit with the licensed incineration capacity of hazardous waste 38,000 metric tonnes per annum, and at the pre-tax discount rate of 12.32% (2024: 11.81%) having accounted for the risks encountered by NCIP in the industries. No impairment loss to the Group's interest in NCIP was considered necessary for the two years ended 31 December 2025 and 2024.

Impairment testing on interests in joint venture, Xinyu Rongkai

As at 31 December 2025, the assessment on the recoverable amount of the Group's interests in Xinyu Rongkai, that principally engaged in environmental waste treatment and disposal services in Liuzhou, Guangxi, the PRC, was conducted with reference to the valuation report prepared by Colliers International (21 March 2025: Colliers International), based on reasonable assumptions, including but not limited to the cash flows projection of Xinyu Rongkai with a growth rate at 1.4% (2024: 1.7%) of Xinyu Rongkai once resumed operations as cash-generating unit with the licensed incineration capacity of hazardous waste 20,000 metric tonnes per annum, and at the pre-tax discount rate of 11.21% (2024: 11.73%) having accounted for the risks encountered by Xinyu Rongkai in the industries with revival of market demand. No impairment loss to the Group's interests in Xinyu Rongkai was considered necessary for the two years ended 31 December 2025 and 2024.

Charges on assets

As at 31 December 2025, the following assets of the Group were pledged as collaterals for banking facilities granted and other ordinary business of the Group:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount of collaterals:		
Property, plant and equipment	40,877	47,392
Land use rights	7,398	7,266
Pledged bank deposits	1,954	3,309
	50,229	57,967
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured liabilities and guarantee issued:		
Secured bank borrowings	22,200	21,280
Bills payables	6,327	5,001
	28,527	26,281

Contingent liabilities

1. Reference is made to the announcements of the Company dated 20 May 2022, 30 May 2022 and 7 February 2023 in relation to the legal proceedings in process against NUET(JS), an 82% indirectly owned subsidiary of the Company incorporated in Hong Kong. Two writs of summons issued by the Jiangsu Zhenjiang Intermediate People's Court (the "**Court**") in the PRC were received by NUET(JS) in respect of the proceedings filed by two existing shareholders (each a "Plaintiff", Mr. YIN Yong Xiang* and Mr. SUN Jia Qing**) each holding 8% of the issued share capital of NUET(JS) on 20 May 2022 and 27 May 2022 respectively (the "**Actions**"). After the first hearing completed on 15 July 2022, NUET(JS) has received two civil judgements of the Court dated 4 January 2023 and 5 January 2023 in respect of the two Actions respectively, in which, amongst others, the claims of each of the Plaintiffs against NUET(JS) under the Actions were dismissed. Both Plaintiffs did not admit to the judgements of the Court and have each submitted a civil appeal (with both civil appeals dated 29 January 2023) to the Court, and the civil appeals were heard at the Jiangsu Province High People's Court in the PRC on 10 July 2023, 18 November 2025 and 11 February 2026, and now pending judgements.

The Group has already recognised the amounts being claimed under the Actions as dividends payable to non-controlling interests of a subsidiary without payment terms that being classified under accrued liabilities and other payables in the consolidated financial statements but no provision has been recognised for any interest on those non interest-bearing dividend rights. As the Actions are pending judgement, the information usually required by HKAS 37 Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it might prejudice the outcome of the proceedings. The Directors are of the opinion that the Actions and the asset preservations still held by the Plaintiffs not yet released thereunder the Actions are not expected to have adverse impact to the normal operations of NUET(JS), Zhenjiang New Universe and any members of the Group.

Notes:

* Mr. YIN Yong Xiang is an existing director of the Group's subsidiary, Zhenjiang New Universe, and he is also the existing chairman of the boards of Danyang New Huamei and Qingdao Huamei.

** Mr. SUN Jia Qing is an existing director of the Group's subsidiary, Zhenjiang New Universe.

2. Reference is made to the announcements of the Company dated 25 September 2020 and 5 October 2020 relating to provision of guarantee to Xinyu Rongkai. Xinyu Rongkai, a sino-foreign joint venture company incorporated in the PRC with limited liability, of which the Company indirectly owns 65% equity interest and Guangxi Rongkai Huayuan Electroplating Industrial Park Investment Company Limited* (“**Guangxi Rongkai**”) directly owns 35% equity interest. On 25 September 2020, (i) Xinyu Rongkai entered into a loan agreement (together with supplemental agreements thereto, the “**BOC Loan Agreement**”) with the BOC Liuzhou Branch, pursuant to which BOC Liuzhou Branch agreed to provide Xinyu Rongkai with a loan facility (the “**BOC Loan**”) in the amount of RMB120,000,000 (the amount of loan drawn down was revised to RMB116,100,000 pursuant to a supplemental agreement dated 20 June 2024) for a term of 60 months repayable in installments to finance the construction of the plant and facilities for integrated treatment and disposal of hazardous solid waste in the Guangxi Liuzhou Automobile City Jiangkou Industrial Park in Liuzhou, Guangxi, the PRC; and (ii) the Company and Guangxi Rongkai, as the guarantors, entered into the guarantee agreement with BOC Liuzhou Branch, pursuant to which the Company and Guangxi Rongkai agreed to jointly provide the guarantee in proportion of 65% and 35% in favour of BOC Liuzhou Branch as security for the repayment obligations of Xinyu Rongkai under the BOC Loan Agreement.

Reference is made to the announcement of the Company dated 13 November 2025 relating to a summons dated 24 October 2025 received by Xinyu Rongkai as issued by the Intermediate People’s Court of Liuzhou City, Guangxi Zhuang Autonomous Region (the “**Liuzhou Intermediate Court**”) with BOC Liuzhou Branch as the plaintiff claiming (i) a total amount of RMB48,257,991.13 (approximately HK\$53,566,000), being the outstanding principal amount due under the BOC Loan Agreement, together with interests thereon and default interests up to 18 July 2025 and legal costs for recovery, and (ii) realisation at a discount or by auction certain immovable assets of Xinyu Rongkai located at and adjacent to Shuinian Village, Shuinian Tun, Jiangkou Township, Luzhai County, Liuzhou, Guangxi, the PRC charged to BOC Liuzhou Branch. The Company and Guangxi Rongkai, being the guarantors jointly guaranteeing the BOC Loan, were also named as defendants respectively for the same amount. The matter will be considered by the Liuzhou Intermediate Court on 9 April 2026. On 13 November 2025, the Company received the related summons.

Xinyu Rongkai is a joint venture accounted for by the Company using equity method. The Group has consistently accounted for the outstanding loan, interest and penalty charges together with other liabilities of Xinyu Rongkai using equity method as presented in the consolidated financial statements, but no provision has been recognised for the portion of 35% undertaken by Guangxi Rongkai to guarantee the BOC Loan under the BOC Liuzhou Branch or pursuant to the joint venture agreement with Guangxi Rongkai. As the legal litigation of Xinyu Rongkai pursuant to the BOC Loan is in progress, the information usually required by HKAS 37 Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it might prejudice the outcome of the proceedings and the possible settlement amongst relevant parties. The Directors are of the opinion that the proceedings is not expected to have adverse impact to the normal operations of the Group. Details are set out in note 14(b) to the financial statements.

Save as disclosed herein, there were no other significant contingent liabilities of the Group as at 31 December 2025 (2024: Nil).

Exposure to fluctuations in exchange rates

The Group mainly operates in the Mainland China and most of the Group's transactions, assets and liabilities are denominated in RMB. The Group is exposed to foreign currency risk due to the exchange rate fluctuation of RMB against HK\$. Fluctuation of RMB against HK\$ is expected to be moderate to the Group, and the Group considers the foreign currency risk exposure is acceptable and the Mainland China's economy will regain its robustness. The Group will review and monitor its currency exposure from time to time, and when appropriate hedge its currency risk.

The results of the Company's subsidiaries in the Mainland China are translated from RMB into HK\$ at the exchange rates approximating the rates ruling at the dates of the transactions. Statement of financial position items of the Company's subsidiaries in the Mainland China are translated from RMB into HK\$ at the closing rate ruling at the end of the reporting period. For the year ended 31 December 2025, RMB appreciated on average relatively to the HK\$ resulted in an overall upside exchange difference on translation from RMB to HK\$ for the financial statements of the subsidiaries, associates and a joint venture in the Mainland China in an aggregate of approximately HK\$35,502,000 (2024: downside difference HK\$27,704,000) that were recognised as other comprehensive income and accumulated separately in equity in the translation reserve of the Company in the current year. The accumulated exchange differences in the translation reserve will be reclassified to profit or loss as when the interests in the relevant subsidiaries in the Mainland China being entirely or partially disposed of by the Group.

Principal risks and uncertainties

The following are the principal risks and uncertainties related to the Company's business:

1. Risk of operating permit renewal

The Group's environmental business in the Mainland China involves the collection, storage, incineration, landfill, treatment and final disposal of hazardous waste, which requires valid operating permits issued by the Jiangsu Environmental Protection Bureau and local environmental authorities. There is a risk that these permits may be temporarily suspended, revoked, or face delays in renewal, subject to compliance with governmental directives on facility renovation and upgrading.

The Group is committed to ensuring the timely renewal of all necessary operating permits. We continuously enhance the operational, waste management and emission standards of our subsidiaries and carry out technical upgrades to facilities to comply with evolving environmental policies, standards and legislation promulgated by the PRC government.

2. Market competition risk

The hazardous waste treatment industry is highly competitive, with new entrants possessing greater financial resources to develop larger-scale disposal and recycling facilities, advanced technologies, and stronger compliance capabilities with national and international environmental regulations. In addition, the increasing adoption of advanced technologies across the industry is reshaping competitive dynamics, enabling more efficient process optimisation, real-time monitoring, predictive maintenance, and data-driven decision-making, which may further widen the technological and operational gap between market participants.

The Group continues to prudently invest in facility maintenance and technological improvements, reduces energy consumption and emissions, strengthens hazardous waste treatment technologies, and enhances waste management standards and financial stability to maintain competitiveness. We are also actively exploring and evaluating the potential integration of advanced technologies to improve operational efficiency, optimise resource allocation, and strengthen environmental compliance monitoring, ensuring the Group remains adaptable and competitive amid ongoing technological advancements.

3. Increased bargaining power of intermediaries

The growing number of licensed hazardous waste disposal companies has intensified competition, leading to increased bargaining power of intermediaries in the waste distribution market. Agency fees, often based on disposal volume, constitute a significant portion of operating costs and impact profitability.

The Group will strengthen its in-house marketing capabilities, deepen contractual relationships with existing clients, and foster cooperative ties with emerging intermediaries to ensure stable operations during market transitions.

4. Environmental and social responsibility risks

Operations involving hazardous waste incineration, landfill, and industrial wastewater treatment are exposed to risks such as accidental breaches of emission limits, safety incidents, land contamination, or improper waste discharge by clients in the Eco-plating Specialised Zone, which could negatively impact the Group's environmental operations and reputation.

The Group emphasises high-quality plant design and strict construction controls for new projects and buildings in the Eco-plating Specialised Zone. We continuously upgrade the efficiency of existing facilities and project management standards. An in-house project management team is supported by independent professionals to monitor emissions regularly and assess potential environmental impacts.

5. Internal control and scale adjustment risks

Moderate adjustments in the scale of operations may increase internal control risks due to uncertainties in the effectiveness of risk management and internal control systems, or deficiencies in key control points.

The Group engages independent professional consultants, SHINEWING Risk Services Limited to periodically review risk management and internal controls across key operations. Designated staff strengthen coordination between the Hong Kong headquarters, Jiangsu project management office, and project companies, ensuring timely implementation of top management policies and effective monitoring of project status.

6. Impact of domestic economic rebalancing

The shift toward a domestic-circulation-oriented economy in Mainland China may affect the volume of hazardous waste generated by local industries and influence service pricing in specific market segments served by the Group.

The Group will continue to implement a business strategy focused on penetrating diverse geographical markets, thereby reducing dependency on any single market and minimising concentrated investment exposure.

7. Key personnel and talent retention risks

Loss of key personnel or a shortage of appropriately experienced human resources could delay the achievement of strategic objectives and further development of the existing projects.

The Company regularly reviews the organisational structure and responsibilities of key staff, refines recruitment and retention practices, reviews remuneration packages and succession planning within the management team, and motivates employees through the implementation of the Company's internal incentive schemes.

8. Credit risk from receivables

During periods of economic uncertainty, the Group faces credit risk arising from underperforming receivables from financially distressed clients and counterparties, who may request contract concessions, delay payments, or involve local authorities in debt mediation.

The Group incorporates the impact of economic uncertainty and default probabilities, considers qualitative changes in client payment behavior, engages independent professional valuers to assess collective credit risk changes, and reviews expected credit loss allowances. We also limit credit exposure by rigorously selecting counterparties and prudently exploring business optimisation and market diversification opportunities.

9. ESG and climate-related risks

As an environmental services provider, the Group faces increasing regulatory requirements and stakeholder expectations related to environmental, social, and corporate governance (“**ESG**”) factors. Climate change may lead to more frequent extreme weather events, affecting the stability and safety of operational facilities. Additionally, the transition to a low-carbon economy could drive industry-wide technological upgrades and stricter emission standards. Failure to adapt promptly may result in higher compliance costs, reputational damage, and constrained access to financing.

The Group has integrated ESG oversight into the Board’s responsibilities through the ESG Committee, which systematically identifies, assesses, and manages related risks. We are committed to improving energy efficiency, exploring clean technologies and circular economy models, strengthening emission monitoring and disclosure, and engaging with clients, suppliers, and communities to build a sustainable environmental value chain. The Group will also closely monitor climate policy developments and adjust business strategies and investment plans accordingly to enhance long-term resilience and competitiveness.

10. Financial Risks

The Group is exposed to various financial risks, including foreign exchange fluctuations, interest rate changes, credit risk and liquidity risk.

The Group’s exposure to financial risks remained broadly consistent with the prior year, and no significant new risks were identified during the year. The Group continues to manage these risks through established internal control procedures and prudent financial management practices. The Group maintains regular monitoring of market conditions, reviews its funding arrangements and cash flow forecasts, and evaluates the creditworthiness of major customers and counterparties. The Group remains committed to maintaining a sound risk management framework to safeguard its financial position and support stable operations.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had 385 (2024: 401) full-time employees, of which 15 (2024: 16) were based in Hong Kong, and 370 (2024: 385) in the Mainland China. For the year ended 31 December 2025, staff costs, including Directors' remuneration and amount capitalised as inventories was HK\$67,667,000 (2024: HK\$71,574,000). Employees and Directors were paid in commensurate with the prevailing market standards, with other fringe benefits such as bonus, medical insurance, mandatory provident fund, and continuous development and training.

SHARE OPTION SCHEME

The Company adopted the share option scheme on 5 May 2015 (the “**Share Option Scheme**”). The terms of the Share Option Scheme were in accordance with the provisions set out in Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Share Option Scheme had been valid and effective for a period of ten years ended on 4 May 2025, after which no further options would be granted.

As at 1 January 2025, the number of share options (“**Options**”) available for grant under the scheme mandate limit was 260,109,701 (31 December 2024: 260,109,701) and the scheme mandate limit has lapsed automatically upon the expiry of the Share Option Scheme on 4 May 2025.

For the year ended 31 December 2025, there were no Options being granted under the Share Option Scheme.

At the end of the reporting period, the Options outstanding under the Share Option Scheme were as follows:

	2025		2024	
	Weighted average exercise price HK\$	Number of options '000	Weighted average exercise price HK\$	Number of options '000
Outstanding at 1 January	0.308	9,317	0.293	15,656
Lapsed during the year (note)	0.308	9,317	0.272	6,339
Cancelled during the year	–	–	–	–
Outstanding at 31 December	–	–	0.308	9,317
Vested during the year	–	–	–	–
Exercisable at the end of the year	–	–	0.308	9,317

Note: 9,317,000 Options granted on 18 January 2022 at the exercise price of HK\$0.308 per Share remained unexercised after being vested and automatically lapsed upon expiry on 5 August 2025.

The fair value of the Options granted on 18 January 2022, 15 January 2021 and 15 January 2020 was approximately HK\$1,092,000, HK\$578,000 and HK\$836,000 respectively, of which the Group recognised total Option expense of HK\$180,000 (2024: HK\$353,000) charged to profit or loss during the year ended 31 December 2025.

The fair value of services received in return for Options granted is measured with reference to the fair value of Options granted. The estimate of the fair value of Options is measured based on binomial option pricing model by the independent firm of professional valuer, Colliers International, taking into account the terms and condition upon which the Options were granted.

Options were granted under a service condition. This condition had not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the Options granted.

CHANGE IN DIRECTORS' INFORMATION

For the year ended 31 December 2025 and up to the date of this announcement, there was no significant change in details of the Directors' information since the date of the last annual report of the Company for the year ended 31 December 2024.

Save as disclosed therein, there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2) of Listing Rules.

CHANGE IN INFORMATION OF MANAGEMENT

For the year ended 31 December 2025 and up to the date of this announcement, there was no significant change in the information of the key management team members of the Company.

CONNECTED TRANSACTION

There was no other connected transactions (defined under the Listing Rules) which were discloseable in the reporting period or any time during the year ended 31 December 2025.

PROVISION OF FINANCIAL ASSISTANCE AND GUARANTEES TO AN AFFILIATED COMPANY

On 25 September 2020, the Company and the joint venturer, as the joint guarantors, entered into the guarantee agreement with a bank in the PRC to jointly guarantee the repayment obligations of Xinyu Rongkai (a 65% indirectly owned joint venture of the Company and being accounted for using equity method) in relation to the bank loan facilities in a total amount of RMB120,000,000 (approximately HK\$133,200,000) and the guarantee is effective until 31 December 2027, for the purpose of financing the construction of the integrated hazardous waste treatment project undertaken by Xinyu Rongkai at Liuzhou, Guangxi Province, the PRC. Reference is made to the announcements of the Company dated 25 September 2020 and 5 October 2020 for details.

On 7 December 2022, the Company as a guarantor, entered into a guarantee agreement with another bank in the PRC to guarantee the repayment obligations amounted to RMB5,850,000 (approximately HK\$6,494,000) based on 65% equity interest in Xinyu Rongkai for a short-term banking facilities in a total amount of RMB9,000,000 (approximately HK\$9,990,000) and the guarantee has been extended to 4 December 2027, for general working capital purpose of Xinyu Rongkai. The related bank borrowings as guaranteed has been fully settled on 4 December 2024.

The banking facilities of Xinyu Rongkai guaranteed by the Company amounting to 65% of RMB129,000,000, (approximately HK\$143,190,000) (2024: RMB129,000,000, approximately HK\$137,256,000) of which RMB125,100,000 (approximately HK\$138,861,000) (2024: RMB125,100,000, approximately HK\$133,106,000) was utilised, and loans of approximately RMB47,048,000 (approximately HK\$52,223,000) (2024: RMB47,048,000, approximately HK\$50,059,000) were outstanding as at 31 December 2025, which was due on the maturity date at 21 June 2025 and bearing interest at fixed rate at 4.25% (2024: 4.25%) per annum.

Reference is made to the announcement of the Company dated 13 November 2025. The Company, in its capacity as one of the joint and several guarantors, is named as the second defendant in the legal proceedings initiated by BOC Liuzhou Branch in the Liuzhou Intermediate People's Court. The plaintiff claims repayment of outstanding amounts under the loan agreement from the borrower, Xinyu Rongkai, and seeks enforcement against the mortgaged assets of the borrower. The court hearing remains scheduled for 9 April 2026. The Company has engaged legal counsel and will defend its position at the hearing. On 5 January 2026, the Company received a Loan Repayment Demand Notice dated 23 December 2025 from BOC Liuzhou Branch, and pursuant to which, BOC Liuzhou Branch demands the repayment of the outstanding principal, interest and penalty charges totaling approximately RMB 49,063,000 as of 22 December 2025.

As of 31 December 2025, based on the system records of BOC Liuzhou Branch, the total outstanding amount owed by Xinyu Rongkai (including overdue principal, interest, and various penalty charges) was approximately RMB 49,047,000 (approximately HK\$54,442,000).

The Company accounts for its 65% interest in Xinyu Rongkai consistently using the equity method. The total liability of Xinyu Rongkai as of 31 December 2025, including all accrued interests and penalty charges, has been fully recognised in the financial statements of Xinyu Rongkai. The Company's proportionate share of the total liability of Xinyu Rongkai has been accounted for in the preparation of the Company's consolidated financial statements. The Company is actively managing this matter, including pursuing legal defenses and exploring potential resolutions with relevant parties. The litigation has not had a material adverse effect on the finance and operation of the Company, and the Company will continue to assess the further potential impact of the proceedings.

On 19 June 2023, New Universe International Group Limited (“**NUIGL**”, a wholly owned subsidiary of the Company which directly holds 65% equity interest in Xinyu Rongkai) as Lender A, the joint venturer, (Guangxi Rongkai Huayuan Electroplating Industrial Park Investment Company Limited*, which directly holds 35% equity interest in Xinyu Rongkai) as Lender B, and Xinyu Rongkai as the borrower have jointly entered into a loan agreement (the “**JV Loan Agreement**”) for a loan of RMB15,500,000 (approximately HK\$16,492,000) which is unsecured, bearing interest at 4.05% per annum and repayable on 20 June 2025. Pursuant to the JV Loan Agreement, in proportion to the respective shareholdings, Lender A agreed to lend RMB10,075,000 (approximately HK\$10,720,000) and Lender B agreed to lend RMB5,425,000 (approximately HK\$5,772,000) to Xinyu Rongkai respectively. The loan has been drawn down by Xinyu Rongkai on 20 June 2023 and used for the repayment of bank loan instalment and interest due on 21 June 2023. On 10 November 2025, NUIGL assigned all rights of the loan due by Xinyu Rongkai amounted to RMB10,075,000 to the 100% owned PRC subsidiary of the Group, Zhenjiang Xinrong Environmental Technologies Limited* (“**Zhenjiang Xinrong**”). As at 31 December 2025, the loan to Xinyu Rongkai pursuant to the JV Loan Agreement from the Group was RMB10,075,000 (approximately HK\$11,183,000) (2024: RMB10,075,000 (approximately HK\$10,720,000)).

Since 26 July 2023 and up to 31 December 2025, Zhenjiang Xinrong and Jiangsu Xinyu Environmental Company Limited* (the wholly owned subsidiaries of the Company) have made advances to Xinyu Rongkai respectively, for its general operating purpose, which are unsecured, bearing interest at fixed rates ranging from 3.20% to 4.05% (2024: 3.20% to 4.05%) per annum and repayable on demand. As at 31 December 2025, such advances together with the shareholder's loan assigned by NUIGL to Zhenjiang Xinrong due from Xinyu Rongkai to the Group was in aggregate approximately of HK\$41,574,000 (2024: HK\$28,213,000).

The following table summarised the financial information relating to the Group’s joint venture at the end of the reporting period:

	For the year ended	
	31 December	
	2025	2024
	HK\$’000	HK\$’000
Gross amounts of the joint venture’s		
Non-current assets	139,590	144,586
Current assets	579	554
Current liabilities	(136,517)	(111,142)
Non-current liabilities	–	(16,492)
	<u>3,652</u>	<u>17,506</u>
Equity	<u>3,652</u>	<u>17,506</u>
The Group’s attributable interest in the joint venture		
Gross amount of net assets of the joint venture	<u>3,652</u>	<u>17,506</u>
The Group’s share of net assets of the joint venture	2,374	11,378
The Group’s share of shareholders’ loan	–	10,720
	<u>2,374</u>	<u>22,098</u>
Carrying amount of net assets of the joint venture	<u>2,374</u>	<u>22,098</u>

DIRECTORS’ INTERESTS IN SIGNIFICANT CONTRACTS

As at 31 December 2025 and any time during the year, transactions, arrangements, or contracts subsisted, of which certain Directors had interests that were deemed significant to the business of the Group are set out as follows:

- (a) Mr. XI Yu and Ms. CHEUNG Siu Ling, the executive Directors, are also the directors of the landlord, Sun Ngai International Investment Limited (“**Sun Ngai**”) to the tenancy agreement dated 26 July 2024 that was entered into by Smartech Services Limited (“**Smartech Services**”), an indirectly wholly owned subsidiary of the Company) as tenant to lease three office units at Rooms 2109 to 2111, Telford House, 16 Wang Hoi Road, Kowloon Bay, Hong Kong (the “**Office Premises**”) for the period from 1 August 2024 to 31 July 2025 at a monthly rental of HK\$80,000.
- (b) A renewed tenancy agreement dated 29 July 2025 was entered into between Sun Ngai as landlord and Smartech Services as tenant for leasing the Office Premises for the period from 1 August 2025 to 31 July 2026 at a monthly rental of HK\$80,000.

- (c) For the year ended 31 December 2025, total rentals paid by Smartech Services to Sun Ngai were HK\$960,000 (2024: HK\$960,000).

The above transactions were conducted on terms no less favourable than terms available from independent third parties which were in the ordinary course of business of the Group. The afore-mentioned tenancy agreements entered into between the wholly owned subsidiary of the Group, Smartech Services and Sun Ngai were de minimis transactions exempted under rule 14A.76(1)(a) of the Listing Rules.

Save as disclosed therein, no transaction, arrangement or contract of significance to which the Company, any of its holding company, subsidiaries, or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Ms. LIU Yu Jie was appointed executive Director with effect from 9 June 2015, who has investments in four companies engaging in the operation of hazardous waste projects in four cities in the Mainland China, of which she has a controlling stake in one of the four said companies. As the permission licence to operate hazardous wastes in each of the four said cities is exclusive, and the Group does not have any such operations in those cities, the Board considers that the said investments of Ms. LIU Yu Jie do not compete with the interests of the Group.

Save as disclosed therein, during the year and up to the date of this announcement, the Directors were not aware of any business or interest of the Directors or any substantial Shareholder (as defined under the Listing Rules) and their respective associates that had competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

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

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

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors during the year and up to the date of this announcement, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

- (a) The Board and the management are committed to upholding good corporate governance practices and business ethics. The Company believes that maintenance of high standard of business ethics and good corporate governance is essential for effective management, healthy business growth and fostering a contemporary corporate culture, which drives the Group to growing sustainably and safeguarding the interests of the shareholders of the Company (the “**Shareholder(s)**”).
- (b) During the year ended 31 December 2025, the Company has applied the principles of and complied with the code provisions set out in Part 2 of Appendix C1 Corporate Governance Code (“**CG Code**”) to the Listing Rules, but save for the code provision C.2.1, the Directors confirmed that they were not aware of any other deviation from the CG Code for the year then ended.
- (c) Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. With effect from 16 October 2018, Mr. XI Yu, the chairman of the Board (“**Chairman**”), has assumed the role of both Chairman and chief executive officer (“**CEO**”) of the Company. As such, starting from 16 October 2018, the assumption of the dual role of both Chairman and CEO by Mr. XI Yu constitutes a deviation from code provision C.2.1 of the CG Code.

After evaluation of the current situation of the Group and taking into account of the experience and past performance of Mr. XI Yu, the Board is of the opinion that it is appropriate and in the best interest of the Company at the present stage to vest the roles of the Chairman and the CEO of the Company on the same person as it helps to facilitate the execution of the Group’s business strategies and maximises the effectiveness of its operation.

In addition, the Board also considers that: (i) the Company has sufficient internal controls to provide checks and balances on the functions of the Chairman and the CEO of the Company; (ii) Mr. XI Yu as the Chairman and CEO is fully accountable to the shareholders of the Company and contributes to the Board and the Group on all top level and strategic decisions and is responsible for ensuring that all Directors act in the best interests of the Shareholders; and (iii) this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board believes that vesting of the roles of the Chairman and the CEO of the Company on the same person has the benefit of ensuring consistent leadership within the Group and will enable the Company to make and implement decisions in a timely and efficient manner. However, the Board will continue to review and consider splitting the role of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate.

DIRECTORS' SECURITIES TRANSACTIONS

- (a) The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in The Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.
- (b) With specific enquiries having been made of all the Directors, all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2025.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, Mr. YANG Harry (Chairman of Audit Committee), Mr. HO Yau Hong, Alfred and Ms. XIANG Ling, has reviewed with the management the consolidated financial statements of the Company for the year ended 31 December 2025.

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2025, and consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year then ended as set out in this announcement have been agreed with the Group's independent auditor, Crowe (HK) CPA Limited, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 20 March 2026. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Crowe (HK) CPA Limited on this announcement.

PROPOSED FINAL DIVIDEND

On 20 March 2026, the Board of the Company recommended the payment of a final dividend of HK\$0.0016 per share out of the retained profits of the Company as at 31 December 2025 for the year then ended to express gratitude for the continued supports of the Shareholders, which is subject to the approval of the shareholders at the forthcoming annual general meeting (the "**AGM**") of the Company. Upon Shareholders' approval at the AGM, the final dividend is expected to be payable on 31 July 2026 to Shareholders whose names appear on the register of members on 5 June 2026.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 22 May 2026. Notice of AGM will be published on the Stock Exchange's website and the Company's website and despatched to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will not be closed for the purpose of ascertaining the right of the Shareholders to attend and vote at the forthcoming Annual General Meeting to be held on Friday, 22 May 2026. However, in order to qualify for attending and voting at the forthcoming Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be deposited with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 18 May 2026.

The register of members of the Company will be closed for the purpose of ascertaining the entitlement of Shareholders to the proposed final dividend which may be approved at the Annual General Meeting from Tuesday, 2 June 2026 to Friday, 5 June 2026, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the proposed final dividend (subject to the approval of Shareholders at the Annual General Meeting), all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 1 June 2026.

By Order of the Board
New Universe Environmental Group Limited
XI Yu
Chairman and Chief Executive Officer

Hong Kong, 20 March 2026

As of the date of this announcement, the Board comprises the following Directors:

Mr. XI Yu	<i>(Chairman, Chief Executive Officer and Executive Director)</i>
Ms. CHEUNG Siu Ling	<i>(Executive Director)</i>
Ms. LIU Yu Jie	<i>(Executive Director)</i>
Ms. JIANG Qian	<i>(Executive Director)</i>
Mr. HON Wa Fai	<i>(Executive Director)</i>
Ms. XI Man Shan Erica	<i>(Non-executive Director)</i>
Mr. YANG Harry	<i>(Independent Non-executive Director)</i>
Mr. HO Yau Hong, Alfred	<i>(Independent Non-executive Director)</i>
Ms. XIANG Ling	<i>(Independent Non-executive Director)</i>

* *For identification purpose only*