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ELL Environmental Holdings Limited

強泰環保控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1395)

ANNOUNCEMENT OF FINAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL SUMMARY

- Revenue for FY2025 amounted to HK\$166.7 million (FY2024: HK\$121.6 million), representing an increase of 37.1% as compared with FY2024.
- Gross profit for FY2025 was HK\$77.0 million (FY2024: HK\$62.0 million), representing an increase of 24.2% as compared with FY2024.
- Profit before tax for FY2025 was HK\$33.5 million (FY2024: HK\$1.2 million), representing an increase of 2,797.3% as compared with FY2024.
- Net profit for FY2025 was HK\$22.1 million (FY2024: net loss of HK\$9.3 million).
- No final dividend has been recommended by the Board for FY2025 (FY2024: Nil).

The board of directors of ELL Environmental Holdings Limited (the “**Board**”, the “**Directors**” and the “**Company**”, respectively) is pleased to announce the audited annual consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 (“**FY2025**” or the “**Year**”).

The audited annual consolidated results of the Group for FY2025, together with the comparative figures for the year ended 31 December 2024 (“FY2024”), are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Revenue	3	166,699	121,616
Cost of sales		(89,685)	(59,595)
Gross profit		77,014	62,021
Other income and net other gains and losses		6,120	(1,334)
Reversal of impairment losses/(impairment losses) on financial assets	6	42	(3,556)
Administrative expenses		(31,368)	(34,105)
Research and development expenses		(498)	(3,201)
Other operating expenses		(6,303)	(6,553)
Finance costs	5	(11,543)	(12,117)
Profit before tax	7	33,464	1,155
Income tax expense	8	(11,355)	(10,478)
Profit/(loss) for the year		22,109	(9,323)
Profit/(loss) for the year attributable to:			
Owners of the Company		21,291	(8,728)
Non-controlling interests		818	(595)
		22,109	(9,323)
		<i>HK cent</i>	<i>HK cent</i>
Earnings/(loss) per share	10		
– Basic		1.92	(0.79)
– Diluted		1.92	(0.79)

**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>
Profit/(loss) for the year	22,109	(9,323)
Other comprehensive income/(expense)		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Actuarial loss of defined benefit retirement plan	(57)	(31)
Fair value gain/(loss) on investments in equity instruments at fair value through other comprehensive income (“FVTOCI”)	821	(18)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(141)	(16,723)
Reclassification of cumulative reserve upon derecognition of debt instruments at FVTOCI	(352)	–
Fair value gain on debt instruments measured at FVTOCI	42	–
Other comprehensive income/(expense) for the year, net of nil income tax	313	(16,772)
Total comprehensive income/(expense) for the year	22,422	(26,095)
Total comprehensive income/(expense) for the year attributable to:		
– Owners of the Company	21,779	(25,582)
– Non-controlling interests	643	(513)
	22,422	(26,095)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		54,165	55,405
Receivables under service concession arrangements	11	341,601	327,455
Equity instruments at FVTOCI		–	6,162
Debt instruments at FVTOCI		123	–
Deferred tax assets		1	–
Prepayments and other receivables		296	300
		396,186	389,322
CURRENT ASSETS			
Inventories		4,943	4,287
Trade receivables	12	4,616	2,277
Receivables under service concession arrangements	11	31,759	36,738
Prepayments and other receivables		9,953	18,109
Income tax recoverable		4	–
Debt instruments at FVTOCI		–	81
Financial assets at fair value through profit or loss		1,968	–
Other financial assets at amortised cost		–	–
Pledged bank deposits		16,855	30,809
Cash and cash equivalents		49,030	35,091
		119,128	127,392
CURRENT LIABILITIES			
Trade payables	13	9,568	3,522
Other payables and accruals		7,843	12,296
Amounts due to related parties	14	–	7,261
Borrowings	15	43,282	84,392
Lease liabilities		500	342
Income tax payable		1,530	3,129
		62,723	110,942
NET CURRENT ASSETS		56,405	16,450
TOTAL ASSETS LESS CURRENT LIABILITIES		452,591	405,772

	<i>NOTES</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
CAPITAL AND RESERVES			
Share capital		111	111
Reserves		280,469	258,690
		<hr/>	<hr/>
Equity attributable to owners of the Company		280,580	258,801
Non-controlling interests		(5,353)	(5,996)
		<hr/>	<hr/>
TOTAL EQUITY		275,227	252,805
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Amounts due to related parties	<i>14</i>	107,024	94,634
Borrowings	<i>15</i>	35,867	15,825
Lease liabilities		619	188
Deferred tax liabilities		32,290	25,971
Provisions for major overhauls		–	14,594
Retirement benefit obligations		1,564	1,755
		<hr/>	<hr/>
		177,364	152,967
		<hr/>	<hr/>
		452,591	405,772
		<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ELL Environmental Holdings Limited (the “**Company**”) is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The immediate holding company and the ultimate holding company of the Company are Everbest Environmental Investment Limited which was incorporated in the British Virgin Islands (“**BVI**”). The addresses of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is Unit 2304, 23rd Floor, Westlands Centre, 20 Westlands Road, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Company and its subsidiaries (collectively referred to as the “**Group**”) has applied the following amendments to an HKFRS Accounting Standard as issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to HKAS 21	Translation to Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 9 and HKFRS 7, Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

The disclosure requirements in HKFRS 7 Financial Instruments: Disclosures in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent even not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The amendments are required to be applied retrospectively, with specific exceptions. The Group has various subsidiaries operating in jurisdictions where the electronic payment systems are not instantaneous. Upon the application of the amendments, the Group will apply the exception to derecognise financial liabilities settled via such electronic payment systems when the payment instruction is initiated. On the other hand, for the settlement by the subsidiaries’ customers via electronic settlement systems, the Group can only derecognise the financial assets when cash is deposited in the bank accounts of the subsidiaries, which is different from the current accounting policies where the Group derecognise the financial assets at the date the payment instructions were initiated by the customers.

HKFRS 18 Presentation and Disclosure in Financial Statements

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

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

3. REVENUE

(i) Disaggregation of Revenue from Contracts with Customers

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Types of goods and services		
Operation services under service concession arrangements	80,772	55,915
Construction services under service concession arrangements	28,351	18,979
Sales of wood pellets	23,696	15,596
Information technology services	15,738	12,499
	<u>148,557</u>	<u>102,989</u>
Revenue from contracts with customers		
Imputed interest income on receivables under service concession arrangements	18,142	18,627
	<u>166,699</u>	<u>121,616</u>

4. SEGMENTAL INFORMATION

The Group is engaged in the construction and operation of wastewater treatment facilities, construction and operation of biomass power plants, sales of wood pellets and provision of information technology services. Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”) for the purposes of resource allocation and assessment of segment performance focuses on geographical locations of its manpower and customers, including Hong Kong, The People’s Republic of China (the “PRC”) and the Republic of Indonesia (“Indonesia”). No operating segments have been aggregated in arriving at the reporting segments of the Group.

Segment Revenue and Results

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

For the year ended 31 December 2025

	Hong Kong <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Indonesia <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue – external sales	<u>–</u>	<u>73,631</u>	<u>93,068</u>	<u>166,699</u>
Segment profit/(loss)	<u>(27,736)</u>	<u>41,598</u>	<u>19,602</u>	<u>33,464</u>
Unallocated expenses				<u>–</u>
Profit before tax				<u>33,464</u>

For the year ended 31 December 2024

	Hong Kong <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Indonesia <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue – external sales	–	48,107	73,509	121,616
Segment profit/(loss)	(24,432)	22,439	3,148	1,155
Unallocated expenses				–
Profit before tax				1,155

Segment profit/(loss) represents the profit earned by/loss from each segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

As at 31 December 2025

	Hong Kong <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Indonesia <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets				
Segment and total consolidated assets	9,481	220,352	285,481	515,314
Liabilities				
Segment and total consolidated liabilities	182,813	33,069	24,205	240,087

As at 31 December 2024

	Hong Kong <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Indonesia <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets				
Segment and total consolidated assets	23,871	215,548	277,295	516,714
Liabilities				
Segment and total consolidated liabilities	194,396	45,217	24,296	263,909

OTHER SEGMENT INFORMATION

Amounts included in the measure of segment profit or loss or segment assets:

For the year ended 31 December 2025

	Hong Kong <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Indonesia <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to non-current assets (<i>note</i>)	1,028	–	4,899	5,927
Depreciation of property, plant and equipment	343	60	5,176	5,579
Reversal of impairment losses on financial assets	–	–	(42)	(42)
Loss on disposal of property, plant and equipment	–	3	1	4
Bank interest income	56	454	17	527
Finance costs	10,904	291	348	11,543
Income tax expense/(credit)	1,035	10,773	(453)	11,355

For the year ended 31 December 2024

	Hong Kong <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Indonesia <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to non-current assets (<i>note</i>)	–	4	1,106	1,110
Depreciation of property, plant and equipment	343	95	5,197	5,635
Impairment losses on financial assets	–	3,508	48	3,556
Loss on disposal of property, plant and equipment	–	–	1,904	1,904
Reversal of write-down of inventories	–	–	812	812
Bank interest income	66	353	129	548
Finance costs	12,058	27	32	12,117
Income tax expense	850	6,927	2,701	10,478

Note: Non-current assets excluded receivables under service concession arrangements, financial assets at FVTOCI, other financial assets at amortised cost and prepayments and other receivables.

Geographical Information

The Group's non-current assets by geographical locations of the assets are detailed below:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	855	171
PRC	238	290
Indonesia	53,072	54,944
	<u>54,165</u>	<u>55,405</u>

Information About Major Customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A from the PRC segment	73,631	48,107
Customer B from the Indonesia segment	53,634	45,414

5. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on borrowings	5,159	4,910
Interest on loans from related parties	6,350	7,182
Interest on lease liabilities	34	25
	<u>11,543</u>	<u>12,117</u>

6. REVERSAL OF IMPAIRMENT LOSSES/(IMPAIRMENT LOSSES) ON FINANCIAL ASSETS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Impairment losses reversed/(recognised) on:		
– Trade receivables	42	(47)
– Other receivables	–	(3,509)
	<u>42</u>	<u>(3,556)</u>

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging/(crediting):

	2025	2024
	HK\$'000	HK\$'000
Staff costs (including directors' remuneration):		
Salaries, allowances and benefits in kind	19,393	14,771
Discretionary bonus	270	491
Defined contributions retirement plan (<i>note (a)</i>)	1,130	1,101
Less: Amount capitalised in inventories	(72)	(40)
	20,721	16,323
Depreciation of property, plant and equipment	5,626	5,666
Less: Amount capitalised in inventories	(47)	(31)
	5,579	5,635
Auditor's remuneration		
– Audit services	1,115	1,082
– Non-audit services	160	160
	1,275	1,242
Cost of operation services	42,410	24,176
Cost of construction services	25,166	16,604
Cost of inventories recognised as an expense (including reversal of write-down of inventories of HK\$Nil (2024: HK\$812,000)) (<i>note (b)</i>)	21,444	18,326

Notes:

- (a) As at 31 December 2025, the Group had no forfeited contributions available to reduce its contributions to the retirement benefits scheme in future years (2024: Nil).
- (b) Reversal of write-down of inventories HK\$812,000 has been recognised and included in cost of sales during the year ended 31 December 2024 due to an increase in the estimated net realisable value.

8. INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax:		
Hong Kong	–	3
PRC Enterprise Income tax	<u>5,405</u>	<u>7,496</u>
	<u>5,405</u>	<u>7,499</u>
Under/(over) provision in prior years:		
Hong Kong	(1)	(3)
PRC Enterprise Income tax	<u>183</u>	<u>929</u>
	<u>182</u>	<u>926</u>
Deferred tax	<u>5,768</u>	<u>2,053</u>
	<u>11,355</u>	<u>10,478</u>

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) on the estimated assessable profit for both years, no provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the years ended 31 December 2025 and 2024.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, except for a subsidiary which is entitled to a preferential tax rate of 15% for the year ended 31 December 2025 (2024: N/A) as determined in accordance with the relevant tax rules and regulations in the PRC with an expiration date of 31 December 2027.

The withholding tax on distributable profits is calculated at the rate of 5% (2024: 5%) on total dividend distributed from the Group’s subsidiaries in the PRC.

Indonesian income tax is calculated at 22% on the estimated assessable profits, no provision for Indonesia income tax has been made for the year ended 31 December 2025 after taking into account the Group’s tax losses carried forward. No provision for Indonesian income tax had been made as the Group did not generate any assessable profits arising in Indonesia during the year ended 31 December 2024.

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2025 and 2024, nor has any dividend been proposed since 31 December 2025.

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Earnings/(loss) for the purposes of basic earnings/(loss) per share	<u>21,291</u>	<u>(8,728)</u>
Number of shares		
	2025 <i>'000</i>	2024 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<u>1,107,300</u>	<u>1,107,300</u>

The diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share for both years ended 31 December 2025 and 2024 as there were no potential ordinary shares in issue for both years.

11. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

The Group's receivables under service concession arrangements are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Receivables under service concession arrangements	373,360	364,193
Less: portion classified as current assets	<u>(31,759)</u>	<u>(36,738)</u>
Portion classified as non-current assets	<u>341,601</u>	<u>327,455</u>

The following is an aged analysis of receivables under service concession arrangements, presented based on the invoice date:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Billed within 3 months	14,409	19,700
Unbilled	<u>358,951</u>	<u>344,493</u>
	<u>373,360</u>	<u>364,193</u>

As at 31 December 2025, the balance included contract assets from construction contracts amounting to HK\$32,412,000 (2024: HK\$3,285,000) as the rights to considerations have not yet to be unconditional.

12. TRADE RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	4,620	2,324
Less: Allowance for credit losses	(4)	(47)
	<u>4,616</u>	<u>2,277</u>

The Group had a policy of allowing a credit period of 30-60 days. The following is an aged analysis of trade receivables net of allowance for credit losses at the end of reporting period presented based on the invoice date:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0-60 days	4,612	2,277
Over 60 days	4	-
	<u>4,616</u>	<u>2,277</u>

13. TRADE PAYABLES

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0-60 days	9,410	3,382
61-90 days	10	-
Over 90 days	148	140
	<u>9,568</u>	<u>3,522</u>

14. AMOUNTS DUE TO RELATED PARTIES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-trading in nature:		
A related company	35,390	34,810
A close family member of a shareholder	24,744	21,235
A close family members of a director	20,040	19,500
A shareholder	21,850	26,350
A director	5,000	-
	<u>107,024</u>	<u>101,895</u>
Less: Amount that is expected to settle after 12 months shown under non-current liabilities	<u>(107,024)</u>	<u>(94,634)</u>
Amount that is expected to settle within 12 months shown under current liabilities	<u>-</u>	<u>7,261</u>

15. BORROWINGS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank borrowings	49,000	75,392
Other borrowings	30,149	24,825
	<u>79,149</u>	<u>100,217</u>

The carrying amounts of the above borrowings are analysed based on contractual repayment date as follows:

	Bank borrowings		Other borrowings	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
On demand or within one year	37,000	75,392	6,282	9,000
Within a period of more than one year but not exceeding two years	5,000	–	9,000	15,825
More than two years but not exceeding five years	7,000	–	14,867	–
	<u>49,000</u>	<u>75,392</u>	<u>30,149</u>	<u>24,825</u>
Less: Amounts due within one year shown under current liabilities	<u>(37,000)</u>	<u>(75,392)</u>	<u>(6,282)</u>	<u>(9,000)</u>
Amounts shown under non-current liabilities	<u>12,000</u>	<u>–</u>	<u>23,867</u>	<u>15,825</u>

The exposure of the Group's borrowings are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Fixed-rate borrowings	23,867	23,867
Variable-rate borrowings	55,282	76,350
	<u>79,149</u>	<u>100,217</u>

BUSINESS REVIEW AND OUTLOOK

For FY2025, the Group delivered a strong improvement in financial performance, driven primarily by increased construction service. The expansion and enhancement project from the Rugao Hengfa Water Treatment Company Limited (“**Rugao**”) was completed in late October 2025, increasing its daily wastewater treatment capacity from 40,000 tonnes to 50,000 tonnes. While the impact on revenue contribution from wastewater treatment operations will become more apparent in the coming year, the contribution from construction services has shown a considerable increase as compared with the previous year.

The biomass power supply business of PT Sentosa Jaya Purnama in Bangka, Indonesia (the “**Bangka Project**”) achieved full-year operations in FY2025. The operational efficiency has maintained at a stable level. Although the plant has been able to generate sufficient electricity for supply to Perusahaan Listrik Negara (“**PLN**”), Indonesia’s primary electricity provider, the Group faced challenges arising from changes in local policies and logistical constraints in transporting biomass materials to the plant. To address these issues, the Group is actively expanding its supplier network and maintaining close communication with relevant authorities to ensure a stable and consistent supply of biomass fuel.

There was also an increase in contribution from the sale of wood pellets under the Group’s wood pellet production business operated by PT Rimba Palma Sejahtera Lestari (“**RPSL**”). The increase in revenue contribution is driven partly by improved operational efficiency and partly by the upward trend in global wood pellet prices. The Group completed the strategic divestment of an 80% interest in this business in February 2026. The Group is in the process of finalising the relevant filing submissions, which have experienced delays due to stringent regulatory requirements.

The Group recorded increases in cost of sales mainly due to higher construction costs associated with the construction in Rugao and increased operating costs of the Bangka Project. The gross profit for FY2025 has increased but the gross profit margin decreased, reflecting a higher cost base. Other income and gains turned positive, primarily driven by the net effect of the reversal of overhaul provisions and loss arising from dismissal of the majority of claims in the arbitration against CGN Environmental Protection Industry Co., Ltd. in relation to the sale and purchase agreement for Everbest Water Treatment Development Company Limited’s (“**Everbest**”) disposal of 70% equity interest in the Group’s previous subsidiary, Haian Hengfa Wastewater Treatment Company Limited (“**Haian Hengfa**”). The Group’s total borrowings decreased, improving the gearing ratio from 80.0% as at 31 December 2024 to 67.6% as at 31 December 2025.

Additional financial data movements can be found in the section headed ‘Financial Review’ below.

Looking ahead, the Group will continue to focus on monitoring its wastewater treatment capacities and improving and finding additional application for its renewable energy businesses, while maintaining prudent cost control and financial discipline. The completion and operation of ongoing projects are expected to contribute to stable revenue streams. Nevertheless, the Group will continue to closely monitor cost pressures, regulatory developments and financing requirements to ensure sustainable growth.

FINANCIAL REVIEW

REVENUE

Our total revenue increased by HK\$45.1 million or 37.1% to HK\$166.7 million for FY2025 as compared to HK\$121.6 million for FY2024. Such increase was primarily attributable to the increase in construction service contributed from the expansion and enhancement project from Rugao and the full-year revenue contribution from the operation of the Bangka biomass power plant, which commenced operations in late July 2024.

COST OF SALES

Our total cost of sales increased by HK\$30.1 million or 50.5% from HK\$59.6 million for FY2024 to HK\$89.7 million for FY2025, primarily due to (i) the increase in construction costs arising from the expansion and enhancement project from Rugao, and (ii) the increase in direct costs arising from the Bangka Project.

GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit increased by HK\$15.0 million or 24.2% from HK\$62.0 million for FY2024 to HK\$77.0 million for FY2025, primarily due to the aforementioned fluctuation in revenue and cost of sales. Our gross profit margin decreased from 51.0% for FY2024 to 46.2% for FY2025.

OTHER INCOME AND NET OTHER GAINS AND LOSSES

We recorded other income and net other gains of HK\$6.1 million for FY2025 as compared to other loss and net other losses of HK\$1.3 million for FY2024, primarily due to the reversal of provision for major overhauls of HK\$14.9 million and loss of HK\$9.3 million arising from dismissal of the arbitration award in relation to the consideration receivables for disposal of Hai'an Hengfa in prior year.

REVERSAL OF IMPAIRMENT LOSSES/(IMPAIRMENT LOSSES) ON FINANCIAL ASSETS

Our impairment losses on financial assets decreased by HK\$3.6 million from losses of HK\$3.6 million for FY2024 to reversal of impairment loss of approximately HK\$42,000 for FY2025. The significant decrease were mainly attributable to an other receivable of a loan due from a third party which defaulted on its repayment and the Group considered the collection to be remote, resulting in the impairment loss of HK\$3.5 million in FY2024.

ADMINISTRATIVE EXPENSES

Our administrative expenses decreased by HK\$2.7 million or 8.0% from HK\$34.1 million for FY2024 to HK\$31.4 million for FY2025, primarily due to the decrease in legal and professional fees.

FINANCE COSTS

Our finance costs decreased by HK\$0.6 million or 4.7% from HK\$12.1 million for FY2024 to HK\$11.5 million for FY2025, primarily due to the decrease in interest on loans from related parties and net repayment of loans from related parties and borrowings of HK\$15.9 million in FY2025.

PROFIT BEFORE TAX

Our profit before tax increased by HK\$32.3 million or 2,797.3% from HK\$1.2 million for FY2024 to HK\$33.5 million for FY2025, primarily due to the factors mentioned above.

INCOME TAX EXPENSE

Our income tax expense increased by HK\$0.9 million or 8.4% from HK\$10.5 million for FY2024 to HK\$11.4 million FY2025, mainly due to the increase in deferred tax expenses arising from the expansion of Rugao wastewater treatment plant in the PRC.

PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group recorded profit attributable to owners of the Company of HK\$21.3 million for FY2025, this marks a turnaround from the loss attributable to owners of the Company of HK\$8.7 million for FY2024, primarily due to the factors mentioned above.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Our principal liquidity and capital requirements primarily relate to investments in our projects, construction and upgrading of our wastewater treatment facilities, purchases of equipment as well as costs and expenses related to the operation and maintenance of our wastewater treatment and electricity generating facilities.

As at 31 December 2025, the Group's cash and cash equivalents was HK\$49.0 million, representing an increase of HK\$13.9 million or 39.7% as compared with that of HK\$35.1 million as at 31 December 2024. As at 31 December 2025, the Group's cash and cash equivalents of HK\$25.7 million, HK\$5.1 million, HK\$4.9 million and HK\$13.3 million were denominated in Renminbi ("RMB"), Hong Kong Dollars ("HK\$"), Indonesian Rupiah ("IDR") and United States Dollars ("US\$"), respectively (31 December 2024: HK\$18.9 million, HK\$5.5 million, HK\$1.9 million and HK\$8.8 million were denominated in RMB, HK\$, IDR and US\$, respectively).

BORROWINGS

As at 31 December 2025, the total amount of our utilised bank borrowings was HK\$49.0 million, of which HK\$33.0 million was repayable on demand and HK\$16.0 million was repayable within three years. All outstanding bank borrowings were denominated in HK\$ (31 December 2024: HK\$64.8 million were denominated in HK\$ and HK\$10.6 million were denominated in RMB). Out of the HK\$49.0 million outstanding bank borrowings, HK\$34.0 million bore a floating interest rate of 2.5% per annum over the Hong Kong Interbank Offered Rate (“**HIBOR**”) and HK\$15.0 million bore a floating interest rate of 0.8% per annum over the HIBOR (31 December 2024: HK\$18.0 million bore a floating interest rate of 1.6% per annum over the HIBOR, HK\$18.0 million bore a floating interest rate of 2% below Hong Kong Dollar prime rate, HK\$28.8 million bore a floating interest rate of 0.8% per annum over the HIBOR and HK\$10.6 million bore a floating interest rate of 0.9% per annum below China Loan Prime Rate). We had HK\$29.0 million unutilised banking facilities as at 31 December 2025 (31 December 2024: HK\$15.3 million).

As at 31 December 2025, the Company had an outstanding borrowing from independent third parties of the Group amounted to HK\$30.1 million (31 December 2024: HK\$24.8 million), which bore interest rates at 6.6% to 8% per annum, of which HK\$6.3 million was repayable within one year.

As at 31 December 2025, the Company had outstanding amounts due to related parties of the Group amounted to HK\$107.0 million (31 December 2024: HK\$101.9 million), which bore a fixed interest rate of 6% per annum and was repayable within two to three years. To the best knowledge of the Directors and management of the Group, all the interest rates of the above borrowings were determined on arm’s length basis.

GEARING RATIO

Gearing ratio is calculated by dividing total debt by total equity and then multiplied by 100%, and total debt includes the interest-bearing bank borrowings, amounts due to related parties and other borrowings. Our gearing ratio decreased from 80.0% as at 31 December 2024 to 67.6% as at 31 December 2025.

CHARGE ON ASSETS

As at 31 December 2025, cash deposits amounted to HK\$16.9 million were pledged to secure the interest-bearing bank borrowings granted to the Group (31 December 2024: HK\$30.8 million).

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Board closely monitors the Group’s liquidity position to ensure that the liquidity structure of the Group’s assets, liabilities and other commitments can meet its funding requirements from time to time. Surplus cash will be invested appropriately so that the Group’s cash requirements for its strategy or direction from time to time can be met.

CAPITAL EXPENDITURES

Our capital expenditures consist primarily of expenditures for construction for our Rugao expansion and enhancement project. During the Year, our capital expenditures amounted to HK\$30.0 million (31 December 2024: HK\$17.4 million), which were funded by our financing activities.

FOREIGN EXCHANGE RISK

Member companies in the PRC and Indonesia within our Group have limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. However, as these principal subsidiaries mainly carry assets and liabilities in RMB and IDR, any appreciation or depreciation of HK\$ against RMB and IDR will affect the Group's consolidated financial position which is presented in HK\$, and will be reflected in the exchange fluctuation reserve.

The Group does not have a foreign currency hedging policy. The Group minimises foreign exchange exposure by converting its cash and cash equivalents in other currencies generated from the operation of its foreign operating subsidiaries to HK\$.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no material contingent liabilities (31 December 2024: Nil).

ARBITRATION

The Board wishes to update the Shareholders on the arbitration proceedings initiated by Everbest against CGN Environmental Protection Industry Co., Ltd. before The South China International Arbitration Centre (Hong Kong) (the "SCIA") in relation to the sale and purchase agreement for Everbest's disposal of 70% equity interest in Haiian Hengfa as disclosed in the announcement of the Company dated 17 September 2025, the interim report of the Company for the six months ended 30 June 2025 dated 25 September 2025 and announcement of the Company dated 16 March 2026. The SCIA handed down the arbitral award on 31 December 2025 ("**Arbitral Award**"), pursuant to which the majority of Everbest's claims were dismissed and Everbest did not succeed in its application for covering the payment of the remaining consideration or related remedies in full. As a result, the shortfall of approximately HK\$9 million was recognised as loss in profit or loss for FY2025.

To the best knowledge of the Board, as at the date of this announcement, the Arbitral Award has no material adverse impact on the business and general operations of the Company and its subsidiaries.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2025, the Group had 271 employees (31 December 2024: 302 employees). Employee costs, including Directors' emoluments, amounted to approximately HK\$20.8 million for FY2025 (FY2024: HK\$16.3 million). The remuneration policy for our Directors, senior management members and general staff is based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of our Group and the individual performance of our Directors, senior management members and general staff. The Group encourages the self-development of its employees and provides on-the-job training where appropriate.

The previous share option scheme of the Company was adopted on 5 September 2014 and expired on 4 September 2024, following which no further share options were offered and no share options remained outstanding. The Company did not adopt any share scheme following its expiration.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this announcement, the Group did not have any other significant investments, material acquisitions or disposals of assets, subsidiaries, associates or joint ventures during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group has no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

The Group has not undertaken any material event subsequent to 31 December 2025 and up to the date of this announcement.

FINAL DIVIDEND

No final dividend has been recommended by the Board for FY2025 (FY2024: Nil).

This decision reflects the Board's commitment to preserving funds for future strategic initiatives and operational needs, ensuring the Company remains well-positioned for long-term growth and resilience.

ANNUAL GENERAL MEETING

The Company will hold its annual general meeting on Thursday, 18 June 2026 (the "AGM"), the notice of which will be published, disseminated and dispatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 15 June 2026 to Thursday, 18 June 2026 (both dates inclusive), during which period no transfer of shares of the Company will be effected. The record date for determining the eligibility of the Shareholders for attending and voting at the 2026 AGM will be Thursday, 18 June 2026, the non-registered Shareholders must lodge all transfer documents, accompanied by the relevant share certificates, with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 June 2026.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with all the mandatory disclosure requirements and the applicable code provisions as set out in the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code contained in Appendix C1 (the "**CG Code**") to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") throughout FY2025.

SCOPE OF WORK OF THE COMPANY'S EXTERNAL AUDITORS

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2025, consolidated statement of profit or loss and other comprehensive income for FY2025 and the notes thereto as set out in this announcement above have been agreed by the Company's external auditors to the amounts set out in the Group's audited consolidated financial statements for FY2025. The work performed by the Company's external auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by the Company's external auditors on this announcement.

AUDIT COMMITTEE'S REVIEW

The Company has established an audit committee (the "**Audit Committee**") in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code for the purpose of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls. The Audit Committee comprises three members, namely Ms. Ng Chung Yan Linda (who is also the chairlady of the Audit Committee), Mr. Ng Man Kung and Ms. Leung Bo Yee Nancy, all being the independent non-executive Directors. The Audit Committee has reviewed with the Company's management the accounting principles and practices adopted by the Group and the annual consolidated results of the Group for FY2025.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its own code of conduct governing securities transactions by the Directors. Following specific enquiries made by the Company on the Directors, all of them have confirmed that they had complied with the required standard set out in the Model Code throughout FY2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During FY2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

As at 31 December 2025, the Company did not hold any treasury shares.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.ellhk.com>). The Company's annual report for FY2025 will be disseminated and dispatched to the Shareholders and will be available on the respective websites of the Stock Exchange and the Company in due course in the manner as required by the Listing Rules.

APPRECIATION

I would like to take this opportunity to express my sincerest thanks and gratitude to our Shareholders and various parties for their continuous support as well as my fellow Directors and our staff for their dedication and diligence.

By order of the Board
ELL Environmental Holdings Limited
Chan Kwan
Executive Director and Chief Executive Officer

Hong Kong, 25 March 2026

As at the date of this announcement, the Board comprises Mr. Chau On Ta Yuen (Chairman), Mr. Chan Kwan (Chief Executive Officer), Mr. Chan Pak Lam Brian and Mr. Chau Chi Yan Benny as executive Directors, Mr. Radius Suhendra as a non-executive Director, and Ms. Ng Chung Yan Linda, Mr. Ng Man Kung and Ms. Leung Bo Yee Nancy as independent non-executive Directors.

* *For identification purpose only*