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TIL ENVIRO LIMITED
達力環保有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1790)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

- Revenue for the year was approximately HK\$230.0 million, representing a year-on-year decrease of approximately HK\$0.6 million or approximately 0.3% as compared to approximately HK\$230.6 million in the preceding year.
- Gross profit for the year was approximately HK\$178.9 million, representing a year-on-year increase of approximately HK\$2.8 million or approximately 1.6% as compared to approximately HK\$176.1 million in the preceding year.
- Profit for the year was approximately HK\$50.2 million, representing a year-on-year decrease of approximately HK\$16.0 million or approximately 24.2% as compared to approximately HK\$66.2 million in the preceding year.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of TIL Enviro Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, “**we**”, “**us**”, “**our**” or the “**Group**”) for the year ended 31 December 2025 (the “**Reporting Period**”) with the comparative figures for the preceding financial year, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
Revenue			
— Wastewater treatment operation services		115,737	113,538
— Finance income from service concession arrangement		114,274	117,016
		<hr/>	<hr/>
	3	230,011	230,554
Cost of sales		(51,160)	(54,455)
		<hr/>	<hr/>
Gross profit		178,851	176,099
Other income	4	2,073	2,596
Other losses, net	5	(76,006)	(54,896)
General and administrative expenses		(13,471)	(13,653)
Impairment losses on financial assets	6	(13,375)	—
		<hr/>	<hr/>
Operating profit		78,072	110,146
Finance costs	7	(22,489)	(28,086)
		<hr/>	<hr/>
Profit before income tax		55,583	82,060
Income tax expense	8	(5,431)	(15,893)
		<hr/>	<hr/>
Profit for the year		50,152	66,167
		<hr/> <hr/>	<hr/> <hr/>
Profit for the year attributable to:			
Owners of the Company		50,152	66,167
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share for profit attributable to owners of the Company			
Basic and diluted (<i>expressed in HK\$ per share</i>)	9	0.05	0.07
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025	2024
	HK\$'000	HK\$'000
Profit for the year	50,152	66,167
Other comprehensive income/(loss):		
<i>Items that may be reclassified to profit or loss:</i>		
Currency translation differences	<u>60,208</u>	<u>(45,900)</u>
Total comprehensive income for the year	<u>110,360</u>	<u>20,267</u>
Total comprehensive income attributable to:		
Owners of the Company	<u>110,360</u>	<u>20,267</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Note</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		3,145	3,405
Right-of-use assets		634	315
Prepayment and receivable under service concession arrangement	<i>11</i>	1,389,459	1,221,653
Intangible assets		2,395	2,435
Restricted bank balances		4,436	4,257
		1,400,069	1,232,065
Current assets			
Inventories		1,359	1,363
Trade and other receivables	<i>12</i>	499,995	343,474
Prepayment and receivable under service concession arrangement	<i>11</i>	253,521	439,135
Cash and cash equivalents		44,665	133,557
		799,540	917,529
Total assets		2,199,609	2,149,594
EQUITY			
Capital and reserves			
Share capital		10,000	10,000
Reserves		600,492	540,284
Retained earnings		879,386	829,234
		1,489,878	1,379,518
Total equity		1,489,878	1,379,518

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
LIABILITIES			
Non-current liabilities			
Amount due to a related company		5,565	–
Long-term borrowings	<i>13</i>	432,399	384,742
Lease liabilities		229	14
Deferred tax liabilities		110,308	116,118
		<u>548,501</u>	<u>500,874</u>
Current liabilities			
Trade and other payables	<i>14</i>	26,774	28,154
Tax payable		2,649	3,352
Amount due to a related company		605	–
Current portion of long-term borrowings	<i>13</i>	112,439	218,950
Short-term borrowings	<i>13</i>	18,297	18,411
Lease liabilities		466	335
		<u>161,230</u>	<u>269,202</u>
Total liabilities		<u>709,731</u>	<u>770,076</u>
Total equity and liabilities		<u>2,199,609</u>	<u>2,149,594</u>
Net current assets		<u>638,310</u>	<u>648,327</u>
Total assets less current liabilities		<u>2,038,379</u>	<u>1,880,392</u>

NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The consolidated financial statements of the Group has been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the notes to the consolidated financial statements.

1.1 Going concern basis

As at 31 December 2025, the Group had total borrowings amounting to HK\$563,135,000, out of which HK\$130,736,000 were due for repayment within the next twelve months from 31 December 2025. As at 31 December 2025, the Group had unrestricted cash and cash equivalents amounting to HK\$44,665,000.

As at 31 December 2025, the Group’s trade and other receivables amounted to HK\$501,563,000, representing an increase of HK\$158,089,000 compared to 31 December 2024. The increase in trade and other receivables was primarily due to the temporary delayed settlement by its sole customer, Municipal Administration of Yinchuan (銀川市城市管理局) (“**Yinchuan Municipal**”). During the year ended 31 December 2025, the Group’s revenue amounted to HK\$230,011,000, while the total amount received from Yinchuan Municipal during the year was only HK\$91,647,000.

The assessment as to whether the Group has sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 31 December 2025 depends on the Group’s forecasted operating cash inflows. Considering the temporary delay in settlement from Yinchuan Municipal during the year ended 31 December 2025, the Group considers that there is significant uncertainty over the repayment schedule from Yinchuan Municipal in the twelve months from 31 December 2025, which indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position, including but not limited to the following:

- (1) the management has been maintaining regular communications with Yinchuan Municipal regarding repayment arrangements, including a request to Yinchuan Municipal for repayment of RMB125,000,000 (*equivalent to approximately HK\$138,612,000*) by 31 May 2026 and an additional RMB125,000,000 (*equivalent to approximately HK\$138,612,000*) by 30 November 2026. Subsequent to the year end, the Group received cash payment from Yinchuan Municipal amounting to RMB41,348,000 (*equivalent to approximately HK\$45,850,000*) for the period from 1 January 2026 to the date of the result announcement.

- (2) the Group had borrowings due for repayment within the next twelve months amounting to HK\$130,736,000. Of this amount, the Group's current short-term bank borrowing facility (*including borrowings drawdown of HK\$18,297,000 and undrawn bank borrowing facilities of HK\$9,426,000*) is going to expire on 31 October 2026. The management has submitted a request for the renewal of short-term bank borrowing facility to the bank, which is currently under the bank's review and approval process; and
- (3) The management is actively negotiating with the bank to re-structure the repayment schedule of the borrowings.

The Directors have reviewed the Group's cashflow forecast prepared by management which covers a period of not less than twelve months from 31 December 2025. In the opinion of the Directors, in light of the above and taking into account the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2025. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, a material uncertainty exists as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend on the followings:

- (i) settlement from Yinchuan Municipal in a timely manner in accordance with the Group's requests, so as to generate sufficient operating cash inflows to meet its financial obligations; and
- (ii) the successful re-structuring of the repayment schedules of the Group's bank borrowings.

Should the Group be unable to achieve the above plans and measures such that it would not be able to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. APPLICATION OF NEW STANDARDS AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to standards and interpretation adopted in 2025

In 2025, the Group has adopted the following amendments to standards and interpretation which are relevant to its operations:

HKAS 21 (Amendments)	Lack of Exchangeability
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The adoption of the above amendments to standards and interpretation have no material effect on the results and financial position of the Group.

2. APPLICATION OF NEW STANDARDS AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (CONTINUED)

New standards and amendments to standards which are not yet effective

The following new standards and amendments to standards have been issued and are mandatory for the Group's accounting periods beginning on or after 1 January 2026 and later periods and have not been early adopted:

		Effective for accounting periods beginning on or after
HKFRS 9 and HKFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 (Amendments)	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 9 and HKFRS 7 (Amendments)	Contracts Referencing Nature-dependent Electricity	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact to the Group, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements.

HKFRS 18 will replace HKAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on the presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

3. REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of directors of the Company.

Operating segments are reported in the manner consistent with the internal reporting provided to the CODM. The Group is subject to similar business risk, and resources are allocated based on what is beneficial to the Group in enhancing the value as a whole. The Board of Directors considers the performance assessment of the Group should be based on the profit before income tax of the Group as a whole and regards the Group as a single operating segment and reviews consolidated financial statements accordingly. Therefore, the Board of Directors considers these to be only one operating segment under the requirements of HKFRS 8 “Operating Segments”.

The Group provides wastewater treatment services in the People’s Republic of China (the “PRC”).

An analysis of the Group’s revenue from contracts with the customer is as follows:

	2025 <i>HK\$’000</i>	2024 <i>HK\$’000</i>
Wastewater treatment operation services	115,737	113,538
Finance income from service concession arrangement	114,274	117,016
	<u>230,011</u>	<u>230,554</u>

Segment assets and liabilities

No assets and liabilities are included in the Group’s segment reporting that are submitted to and reviewed by the CODM internally. Accordingly, no segment assets and liabilities are presented.

Information about major customer

External customer, who contributes over 10% of total revenue of the Group are as follows:

	2025 <i>HK\$’000</i>	2024 <i>HK\$’000</i>
Customer A	<u>230,011</u>	<u>230,554</u>

Geographical information

During the year, all the revenue was from the customer in the PRC.

As at 31 December 2025, all non-current assets held by the Group (*primarily represented by property, plant and equipment, right-of-use-assets and intangible assets*) are located in the PRC.

4. OTHER INCOME

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Government subsidy	22	50
Interest income	1,046	1,368
Others	1,005	1,178
	<u>2,073</u>	<u>2,596</u>

5. OTHER LOSSES, NET

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Remeasurement loss on the prepayment and receivable under service concession arrangement (<i>note</i>)	(74,324)	(54,460)
Net foreign exchange gains/(losses)	28	(432)
Others	(1,710)	(4)
	<u>(76,006)</u>	<u>(54,896)</u>

Note:

Remeasurement loss on prepayment and receivable under service concession arrangement of approximately HK\$74.3 million for the year ended 31 December 2025 is mainly attributable to the change in the certain assumptions in the HK(IFRIC)-Int 12 (“**IFRIC 12**”) model after considering the recent developments (31 December 2024: remeasurement loss of approximately HK\$54.5 million).

6. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Impairment charges on:		
— Receivable under service concession arrangement	(11,807)	—
— Trade receivables	(1,544)	—
— Other receivables	(24)	—
	<u>(13,375)</u>	<u>—</u>

7. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest expenses on borrowings	22,400	28,067
Interest expenses on lease liabilities	19	19
Interest expenses on related party borrowings	70	–
	<u>22,489</u>	<u>28,086</u>

8. INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current income tax	15,004	21,707
Deferred income tax	(9,573)	(5,814)
	<u>5,431</u>	<u>15,893</u>

9. EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2025	2024
Profit attributable to the ordinary shareholders of the Company (<i>HK\$'000</i>)	50,152	66,167
Weighted average number of ordinary shares in issue (<i>thousand</i>)	1,000,000	1,000,000
Basic earnings per share (<i>HK\$ per share</i>)	<u>0.05</u>	<u>0.07</u>

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no potential diluted ordinary shares outstanding as at 31 December 2025 and 2024, respectively.

10. DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 December 2025 (31 December 2024: Nil).

11. PREPAYMENT AND RECEIVABLE UNDER SERVICE CONCESSION ARRANGEMENT

	2025 HK\$'000	2024 HK\$'000
Current	254,021	439,135
Non-current	1,400,766	1,221,653
Loss allowance	(11,807)	—
	<u>1,642,980</u>	<u>1,660,788</u>

12. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	483,627	326,658
Loss allowance for trade receivables	(1,544)	—
Trade receivables, net	<u>482,083</u>	<u>326,658</u>
Other receivables	17,115	16,209
Loss allowance for other receivables	(24)	—
Other receivables, net	<u>17,091</u>	<u>16,209</u>
Prepayment	<u>821</u>	<u>607</u>
Total trade and other receivables	<u>499,995</u>	<u>343,474</u>

In general, the Group agreed the credit periods with the customer. Aging analysis of gross trade receivables based on the invoice dates is as follows:

	2025 HK\$'000	2024 HK\$'000
0–30 days	18,261	16,240
31–60 days	19,178	17,302
61–90 days	26,244	17,999
91–180 days	61,361	57,780
181–365 days	109,856	102,373
Over 365 days (<i>note</i>)	248,727	114,964
	<u>483,627</u>	<u>326,658</u>

Note: Yinchuan Municipal has delayed the settlement process, primarily due to the disruption during the coronavirus pandemic. As a result, there are long outstanding trade receivables aged over 365 days as at 31 December 2025 and 2024.

13. BORROWINGS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current		
Long-term borrowings	432,399	384,742
Current		
Current portion of long-term borrowings	112,439	218,950
Short-term borrowings	18,297	18,411
	<u>563,135</u>	<u>622,103</u>

The Group's borrowings as at 31 December 2025 and 2024 were secured by contractual rights to receive revenue generated by the Group and the land use right granted by the government in relation to parcels of land at which the wastewater treatment plants are situated.

14. TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	14,926	17,933
Retention payables	443	489
Other payables and accruals	11,405	9,732
	<u>26,774</u>	<u>28,154</u>

The aging analysis of trade payables based on the invoice dates is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0–30 days	625	723
31–60 days	759	574
61–90 days	781	657
Over 90 days	12,761	15,979
	<u>14,926</u>	<u>17,933</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a wastewater treatment service provider that operates and manages three wastewater treatment facilities located in Yinchuan, the capital city of Ningxia Hui Autonomous Region (“**Ningxia**”), the PRC, delivering wastewater treatment services to the local government. We operate and manage our wastewater treatment plants on a Transfer — Operate — Transfer (“**TOT**”) basis for 30 years since September 2011. We also undertake the upgrading and expansion of our wastewater treatment facilities to achieve higher wastewater discharge standards and to increase our designed treatment capacities.

As at 31 December 2025, our aggregate daily wastewater treatment capacity was 375,000 cubic metres per day pursuant to the cessation of Plant 1 operations. The discharge standards for all wastewater treatment plants were Class IA (275,000 cubic metres per day) and Quasi Surface Water Standard Class IV (準四類水標準) (100,000 cubic metres per day).

For the Reporting Period, the total quantity of wastewater treated was approximately 80.3 million cubic metres, representing an increase of approximately 1.6 million cubic metres or approximately 2.0%, from the year ended 31 December 2024 at approximately 78.7 million cubic metres. This was mainly due to overall higher inflow of wastewater during the Reporting Period.

Our Group has actively adhered to all the prescribed discharge standards/parameters set in the national policies throughout the Reporting Period and had not encountered any material quality problems or disruption with respect to our wastewater treatment services.

During the Reporting Period, the Group recorded revenue and profit after tax (“**PAT**”) of approximately HK\$230.0 million and HK\$50.2 million, respectively, lower than revenue and PAT of HK\$230.6 million and HK\$66.2 million in the preceding year.

The lower revenue for the Reporting Period was primarily attributable to the lower revenue derived from the finance income from service concession arrangement by approximately HK\$2.7 million. Please refer to the section headed “Financial Review — Revenue” in this announcement for further analysis.

The lower PAT for the Reporting Period was primarily attributable to higher other losses, net by approximately HK\$21.1 million, resulted from the remeasurement loss on prepayment and receivable under service concession arrangement. Please refer to the section headed “Financial Review — Other losses, net” in this announcement for further analysis.

DEVELOPMENT STRATEGY AND PROSPECTS

For the year 2026, China's economic growth is expected to moderate. This is because subdued consumer confidence, the prolonged property sector downturn and a softer labour market are expected to impact both consumption growth and investment growth.¹

However, the moderation of both consumption growth and investment growth are expected to be partially offset by the accommodative monetary and fiscal policies. Export growth is expected to remain robust, while investor sentiment is anticipated to improve due to the relatively more stable trade policy and the partial tariff relief.¹

During the Reporting Period, there were delays in finalising the new tariff and new basic volume with the local authorities, as well as finalising the compensation agreement with Yinchuan Municipal regarding the closing down of Plant 1.

Our Group's strategy for this year is:

- (i) to remain focused on finalising the new tariff and new basic volume with the local authorities for the expansion and/or upgrading works done on Plant 2 Phase 1, Plant 4 Phase 1 (*upgrading works*) and Plant 4 Phase 2 (*expansion works*), respectively. The management will continue to follow up closely with the local authorities on this matter;
- (ii) to remain focused on finalising the compensation agreement with Yinchuan Municipal regarding the closing down of Plant 1. The management will continue to follow up closely with Yinchuan Municipal on this matter; and
- (iii) to follow up closely with Yinchuan Municipal on the repayment of the outstanding wastewater treatment service fees amounting to approximately HK\$482.1 million as at 31 December 2025.

Operationally, our Group will continue to strengthen our mission of ensuring stable operation, stable outflow of treated wastewater as per the required discharge standards (穩定達標排放) under the concession agreement entered with the local government of Yinchuan. Our Group will also continue to focus on cost optimisation and increase efficiency in managing our wastewater treatment plants.

Our Group is also eyeing for potential merger and acquisition opportunities for wastewater treatment assets in Yinchuan, Ningxia and other regions within the PRC with the aim of strengthening our footprint in the PRC and the region.

¹ Source: *Global Economic Prospects — January 2026, World Bank Group*

FINANCIAL REVIEW

Revenue

Our Group's revenue is derived from (i) wastewater treatment operation services; and (ii) finance income from service concession arrangement.

Our revenue decreased from approximately HK\$230.6 million for the year ended 31 December 2024 to approximately HK\$230.0 million for the Reporting Period, representing a decrease of approximately HK\$0.6 million or approximately 0.3%.

Further analysis on the revenue is set out below:

- revenue derived from the wastewater treatment operation services increased from approximately HK\$113.5 million for the year ended 31 December 2024 to approximately HK\$115.7 million for the Reporting Period, representing an increase of approximately HK\$2.2 million or approximately 1.9%.

The increase was primarily attributable to the forecasted cash flow (“**FCF**”) variance computed in the HK(IFRIC)-Int 12 (“**IFRIC 12**”) model, as shown in the table below:

FCF Variance	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	Difference <i>HK\$'000</i>
FCF gain	<u>24,379</u>	<u>20,762</u>	<u>3,617</u>

- revenue derived from the finance income from service concession arrangement decreased from approximately HK\$117.0 million for the year ended 31 December 2024 to approximately HK\$114.3 million for the Reporting Period, representing a decrease of approximately HK\$2.7 million or approximately 2.3%, which was primarily attributable to the lower opening balance of prepayment and receivable under the service concession arrangement.

Cost of sales

Our cost of sales decreased from approximately HK\$54.5 million for the year ended 31 December 2024 to approximately HK\$51.2 million for the Reporting Period, representing a decrease of approximately HK\$3.3 million or approximately 6.1%.

Further analysis on the cost of sales is set out below:

- costs of wastewater treatment operation decreased from approximately HK\$36.9 million for the year ended 31 December 2024 to approximately HK\$33.8 million for the Reporting Period, representing a decrease of approximately HK\$3.1 million or approximately 8.4%. The decrease was mainly attributable to lower chemical costs by approximately HK\$1.7 million; and
- the remaining cost of sales, which consisted primarily of employee benefit expenses, depreciation and amortisation expenses, repair and maintenance costs and other costs, recorded a decrease from approximately HK\$17.5 million for the year ended 31 December 2024 to approximately HK\$17.4 million for the Reporting Period, representing a decrease of approximately HK\$0.1 million or approximately 0.6%. The decrease was mainly attributable to lower repair and maintenance costs by approximately HK\$0.8 million.

Gross profit and gross profit margin

Our gross profit increased from approximately HK\$176.1 million for the year ended 31 December 2024 to approximately HK\$178.9 million for the Reporting Period, representing an increase of approximately HK\$2.8 million or approximately 1.6%, which was primarily attributable to the lower cost of sales during the Reporting Period.

Our gross profit margin increased from 76.4% for the year ended 31 December 2024 to 77.8% for the Reporting Period.

Other income

Other income decreased from approximately HK\$2.6 million for the year ended 31 December 2024 to approximately HK\$2.1 million for the Reporting Period, representing a decrease of approximately HK\$0.5 million, or approximately 19.2%. The decrease was mainly attributable to the lower interest income by approximately HK\$0.3 million, resulted from lower cash and bank balances.

Other losses, net

Our Group recorded other losses, net of approximately HK\$76.0 million for the Reporting Period, representing an increase of approximately HK\$21.1 million or approximately 38.4%, from approximately HK\$54.9 million for the year ended 31 December 2024. The increase was mainly attributable to the higher remeasurement loss on prepayment and receivable under service concession arrangement by approximately HK\$19.9 million.

General and administrative expenses

General and administrative expenses decreased from approximately HK\$13.7 million for the year ended 31 December 2024 to approximately HK\$13.5 million for the Reporting Period, representing a decrease of approximately HK\$0.2 million or approximately 1.5%. The decrease was primarily due to lower professional fees by approximately HK\$0.6 million during the Reporting Period.

Finance costs

Finance costs decreased from approximately HK\$28.1 million for the year ended 31 December 2024 to approximately HK\$22.5 million for the Reporting Period, representing a decrease of approximately HK\$5.6 million, or approximately 19.9%. The decrease was primarily attributable to lower interest expenses on borrowings by approximately HK\$5.7 million during the Reporting Period, resulted from: (i) downward revision of the 5-year People's Bank of China loan prime rate; and (ii) the repayment of long-term loans of approximately HK\$84.2 million during the Reporting Period.

Income tax expense

We incurred income tax expense of approximately HK\$15.9 million for the year ended 31 December 2024 and approximately HK\$5.4 million for the Reporting Period, representing a decrease of approximately HK\$10.5 million or approximately 66.0%, at effective tax rates of approximately 19.4% and 9.7%, respectively.

The low effective tax rate was mainly attributable to the reduced corporate income tax rate from 25.0% to 15.0%, announced by the China tax administration in April 2019. The new tax incentive policy is applicable to corporates involved in environment protection industry for tax assessment years from 2019 to 2021. In January 2022, this new tax incentive policy was extended for additional 2 years to 2023. In August 2023, this new tax incentive policy was extended again for additional 4 years to 2027.

Profit and total comprehensive income for the year

As a result of the foregoing factors, our profit for the year decreased from approximately HK\$66.2 million for the year ended 31 December 2024 to approximately HK\$50.2 million for the Reporting Period, representing a decrease of approximately HK\$16.0 million, or approximately 24.2%.

The total comprehensive income for the Reporting Period amounted to approximately HK\$110.4 million as compared to approximately HK\$20.3 million for the year ended 31 December 2024. The difference between the profit for the year and the total comprehensive income for the year was due to the currency translation differences from the translation of RMB, being the functional currency of the operating entities in the PRC to HK\$, being the reporting currency (31 December 2025 RMB/HK\$ closing rate: 1.1089; 31 December 2024 RMB/HK\$ closing rate: 1.0642).

Earnings per Share

For the Reporting Period, the earnings per Share for profit attributable to owners of the Company (*basic and diluted*) was HK\$0.05 per Share (2024: HK\$0.07 per Share).

Prepayment and receivable under service concession arrangement

Our prepayment and receivable under service concession arrangement that were classified as (i) current assets were approximately HK\$439.1 million and HK\$253.5 million as at 31 December 2024 and 31 December 2025, respectively; and (ii) non-current assets were approximately HK\$1,221.7 million and HK\$1,389.5 million as at 31 December 2024 and 31 December 2025, respectively.

Our total prepayment and receivable under service concession arrangement amounted to approximately HK\$1,660.8 million and HK\$1,643.0 million as at 31 December 2024 and 31 December 2025, respectively. This represented a decrease of approximately HK\$17.8 million or approximately 1.1%, primarily due to the remeasurement loss on prepayment and receivable under service concession arrangement.

Trade and other receivables

Our Group's trade and other receivables increased by approximately HK\$156.5 million, or approximately 45.6%, to approximately HK\$500.0 million as at 31 December 2025 from approximately HK\$343.5 million as at 31 December 2024.

The increase was primarily attributable to the increase of trade receivables by approximately HK\$155.4 million, resulted from the temporary delayed settlement process by Yinchuan Municipal.

Cash and bank balances

Our Group's cash and bank balances decreased by approximately HK\$88.9 million, or approximately 66.5%, to approximately HK\$44.7 million as at 31 December 2025 as compared to approximately HK\$133.6 million as at 31 December 2024. The decrease in cash on bank balances was primarily due to the repayment of long-term loans of approximately HK\$84.2 million. The cash and bank balances were denominated in HK\$, RMB, SG\$ and US\$.

Borrowings

As at 31 December 2025, our Group had bank borrowings, which were denominated in RMB, of approximately HK\$563.1 million (31 December 2024: HK\$622.1 million), represented by short-term working capital loans of approximately HK\$18.3 million (31 December 2024: HK\$18.4 million) and long-term loans of approximately HK\$544.8 million (31 December 2024: HK\$603.7 million), which were denominated in RMB. This represented a decrease of approximately HK\$59.0 million or approximately 9.5%.

The decrease in borrowings was primarily due to the repayment of long-term loans of approximately HK\$84.2 million during the Reporting Period.

Liquidity and Capital Resources

Our principal liquidity and capital requirements primarily related to costs and expenses from business operations, as well as purchase of equipment, if any. As at 31 December 2025, the net current assets and net assets of our Group amounted to approximately HK\$638.3 million and HK\$1,489.9 million, respectively (31 December 2024: net current assets and net assets of approximately HK\$648.3 million and HK\$1,379.5 million, respectively).

Gearing Ratio

As at 31 December 2025, the gearing ratio (*calculated by net debts divided by total equity; net debts include total borrowings minus cash and bank balances*) was approximately 35.2% (31 December 2024: approximately 35.4%).

Foreign Currency Risk

Our Group principally operates in the PRC with most of the transactions being settled in RMB, which is the functional currency of most of the group entities. Foreign currency risk arises from the recognised assets and liabilities and net investments in foreign operations. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through financing activities denominated in the relevant foreign currencies, including the US\$ (the "Non-functional Currency").

Fluctuations in exchange rates between the functional currencies of respective group entities and Non-functional Currency in which our group entities conduct business may affect our Group's financial position and results of operations. Our Group seeks to limit its exposure to foreign currency risk by closely monitoring and minimising its net foreign currency position.

Contingent Liabilities

Our Group did not have any material contingent liabilities or outstanding litigation as at 31 December 2025.

FINAL DIVIDENDS

No final dividend has been recommended by the Board for the year ended 31 December 2025 and 2024, respectively.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Our Company has applied the principles and complied with all the applicable code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) throughout the Reporting Period.

AUDIT COMMITTEE

Our 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 our Group's financial reporting process, risk management and internal controls.

The Audit Committee comprises of two independent non-executive Directors, Mr. Hew Lee Lam Sang (*being the chairman of the Audit Committee who has a professional qualification in accountancy*) and Mr. Tam Ka Hei Raymond, and one non-executive Director, Mr. Lim Chin Sean.

The Audit Committee has reviewed the consolidated annual results of our Group for the financial year ended 31 December 2025. The Audit Committee has also reviewed our Group's internal control and risk management systems.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2025.

OUR OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2.1 to the consolidated financial statements, which indicates that as of 31 December 2025, the Group had total borrowings amounting to HK\$563,135,000, out of which HK\$130,736,000 will be due for repayment within the next twelve months from 31 December 2025 while the Group had unrestricted cash and cash equivalents amounted to only HK\$44,665,000, and there was delay in settlement of trade receivables from its sole customer during the year. As stated in Note 2.1, these events or conditions, along with other matters as set forth in Note 2.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

EVENT AFTER THE REPORTING PERIOD

Our Group has no material subsequent event after the Reporting Period and up to the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in the Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Our Company has made specific enquiries with all of its Directors, and all of the Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the Reporting Period.

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

During the Reporting Period, neither our Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of our Company. As at 31 December 2025, no treasury shares (*as defined under the Listing Rules*) were held by our Company.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement has been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.tilenviro.com). The annual report of our Company for the year ended 31 December 2025 will be published on the aforesaid websites in due course.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to our Company’s shareholders for their support and to our Group’s staff for their hard work and contribution in 2025.

By order of the Board
TIL Enviro Limited
Lim Chin Sean
Chairman

Hong Kong, 30 March 2026

As at the date of this announcement, the non-executive Directors are Mr. Lim Chin Sean and Ms. Lim Siew Ling; the executive Director is Mr. Wong Kok Sun; and the independent non-executive Directors are Mr. Tan Yee Boon, Mr. Hew Lee Lam Sang and Mr. Tam Ka Hei Raymond.