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CHINA ENVIRONMENTAL TECHNOLOGY HOLDINGS LIMITED
中國環保科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 646)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2025 HK\$'000	Year ended 31 December 2024 HK\$'000	Percentage Change %
Revenue	30,693	28,229	8.73%
Loss attributable to owners of the Company	(52,398)	(30,741)	70.45%

The board (the “**Board**”) of directors (the “**Directors**”) of China Environmental Technology Holdings Limited (the “**Company**”) hereby announces the audited consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2025 together with the comparative figures for the year ended 31 December 2024.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2025

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Revenue	4	30,693	28,229
Cost of sales		<u>(21,533)</u>	<u>(20,445)</u>
Gross profit		9,160	7,784
Other income	6	7	1,286
Other (loss)/gain, net	7	(8,682)	13,890
Distribution costs		(673)	(897)
Reversal of impairment loss on various assets	9	312	505
Administrative expenses		<u>(30,318)</u>	<u>(29,346)</u>
Loss from operations		(30,194)	(6,778)
Finance costs	8	<u>(24,196)</u>	<u>(25,992)</u>
Loss before tax	9	(54,390)	(32,770)
Income tax expense	10	<u>–</u>	<u>–</u>
Loss for the year		<u>(54,390)</u>	<u>(32,770)</u>
Other comprehensive (expenses)/income for the year, net of tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		<u>(9,614)</u>	<u>6,821</u>
		<u>(9,614)</u>	<u>6,821</u>
Total comprehensive expenses for the year		<u>(64,004)</u>	<u>(25,949)</u>

	2025	2024
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to:		
Owners of the Company	(52,398)	(30,741)
Non-controlling interests	<u>(1,992)</u>	<u>(2,029)</u>
	<u>(54,390)</u>	<u>(32,770)</u>
Total comprehensive expenses for the year attributable to:		
Owners of the Company	(61,732)	(23,810)
Non-controlling interests	<u>(2,272)</u>	<u>(2,139)</u>
	<u>(64,004)</u>	<u>(25,949)</u>
Loss per share		
	<i>12</i>	
– Basic (<i>HK cent per share</i>)	<u>(15.29)</u>	<u>(11.01)</u>
– Diluted (<i>HK cent per share</i>)	<u>(15.29)</u>	<u>(11.01)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		778	790
Right-of-use assets		440	1,243
Intangible assets		601	652
Interest in an associate		—	—
		<u>1,819</u>	<u>2,685</u>
Current assets			
Trade and other receivables	13	22,889	23,439
Contract assets and contract costs		8,247	10,211
Bank and cash balances		1,687	892
		<u>32,823</u>	<u>34,542</u>
Current liabilities			
Trade and other payables	14	386,987	357,612
Contract liabilities		9,430	11,572
Borrowings		87,724	81,286
Lease liabilities		419	786
		<u>484,560</u>	<u>451,256</u>
Net current liabilities		<u>(451,737)</u>	<u>(416,714)</u>
Total assets less current liabilities		<u>(449,918)</u>	<u>(414,029)</u>
Non-current liabilities			
Trade and other payables	14	96,261	78,068
Borrowings		75,649	69,642
Convertible bonds		11,776	10,738
Lease liabilities		36	471
		<u>183,722</u>	<u>158,919</u>
NET LIABILITIES		<u><u>(633,640)</u></u>	<u><u>(572,948)</u></u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding.

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

2. BASIS OF PREPARATION

Going Concern

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

In addition, the holder of the entrusted loans initiated arbitration proceedings against Shenzhen CETH Environmental Technology Co., Limited (“**SZ CETH**”) through the Shenzhen Intermediate People’s Court of Guangdong Province (the “**Court**”). On 21 July 2025, the Court issued a judgment ordering SZ CETH to repay the outstanding principal of approximately RMB45,992,000 (equivalent to approximately HK\$50,782,000) together with interest accrued from 20 June 2020 at an annual rate of 12% until full repayment. The Company was held jointly and severally liable for the debt as guarantor.

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

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

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

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

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

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

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

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

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

(b) Classy Jade Limited agreed not to demand for repayment for the interest of approximately HK\$2,269,000 before July 2027 related to the 8% 3-year convertible bond which Classy Jade Limited had converted to share of the Company during the year ended 31 December 2024;

(c) The executive Director agreed not to demand for repayment for working capital of approximately RMB10,065,000 (approximately HK\$11,113,000) lent to the Group before July 2027;

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

(d) Mr. Xu, an executive director of the Company, confirmed to provide adequate financial support to the Group in an amount not less than HK\$130,000,000, drawn from his personal assets which are liquid, stable in value, and timely accessible, to ensure the Group's continuing operation for a period of at least fifteen months from 31 March 2026.

(e) The Directors is also undertaking the following plans and measures to improve the Group's liquidity and financial position:

- making every effort to expend the Group's presence in the energy management and wastewater treatment markets and the ability to increase revenue from its principal operations;
- continuing to procure sufficient funds through alternative refinancing and borrowings;
- negotiating with the counterparties on deferral of payments in respect of settled litigation cases; and
- considering debt and group restructuring for certain capital-deficient subsidiaries of the Group, where necessary, to reduce the level of liabilities.

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

Notwithstanding the above, material uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (a) the liquidity, value stability and timeliness of the director's personal assets for the Group's use when needed;
- (b) the active expansion of its presence in the energy management and wastewater treatment markets and the ability to increase revenue from its principal operations;

- (c) the successful procurement of sufficient funds through alternative refinancing and borrowings;
- (d) the continued deferral of payments in respect of settled litigation cases; and
- (e) the implementation of debt and group restructuring for certain capital-deficient subsidiaries of the Group, where necessary, to reduce the level of liabilities.

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

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

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

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

HKFRS 18 Presentation and Disclosure in Financial Statements

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

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

4. REVENUE

The Group's revenue is as follows:

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

5. SEGMENT INFORMATION

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

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

i. Wastewater treatment

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

ii. Healthcare

This segment engages in the provision of healthcare services.

iii. Energy management

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

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

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

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation and amortisation of assets attributable to those segments.

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

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

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

(a) Disaggregation of revenue from contracts with customers:

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

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

Wastewater treatment

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

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

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

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

Healthcare

Revenue from healthcare is recognised when the services are rendered.

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

Energy management

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

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

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

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

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

(c) Reconciliations of reportable segment profit or loss:

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

(d) **Reconciliations of reportable segment assets and liabilities:**

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

(e) **Geographical information**

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

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

(f) **Revenue from major customers**

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

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

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

6. OTHER INCOME

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest income on bank deposits	1	2
Waiver of trade and other payables	–	1,230
Others	6	54
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

7. OTHER (LOSS)/GAIN, NET

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
(Loss)/gain on foreign exchange difference	(8,242)	6,449
Gain on loan settlement	–	7,540
Loss due to modification of convertible bonds	–	(99)
Gain on termination of lease	11	–
Penalties for late payment of taxes	(451)	–
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

8. FINANCE COSTS

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

9. LOSS BEFORE TAX

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

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

10. INCOME TAX EXPENSE

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax – Corporate Income Tax in the PRC		
Provision for the year	<u>–</u>	<u>–</u>

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

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

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

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

11. DIVIDENDS

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

12. LOSS PER SHARE

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

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

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

13. TRADE AND OTHER RECEIVABLES

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

Trade receivables are due in accordance with contract terms.

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

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

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

Movements in the allowance for doubtful debts

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

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

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

14. TRADE AND OTHER PAYABLES

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

Note:

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

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

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

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

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

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

ZHONGHUI ANDA CPA Limited, the auditor of the Company, has expressed disclaimer of Opinion on the audited consolidated financial statements of the Company for the financial year ended 31 December 2025, an extract of which is as follows:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our result announcement, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

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

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

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

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

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

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

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

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

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

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

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

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

BOARD'S POSITION, VIEW AND ASSESSMENT ON THE DISCLAIMER OF OPINION

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

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

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

- The Board has persuaded the Investor to agree
 - (i) to extend the maturity date of other loan principal of HK\$800,000 under a loan agreement executed on 27 March 2019 to 30 September 2027 and not to demand for repayment for other loan principal of HK\$800,000 and the accrued interest of approximately HK\$568,000 as at 31 December 2025 before July 2027, and all interests accrued from this other loan are to be repaid on the new maturity date or if such date is not a business day, the next business day;
 - (ii) to extend the maturity date of other loan principal of approximately HK\$19,158,000 executed on 23 September 2019 to 31 December 2027 and not to demand for repayment for other loan principal of approximately HK\$19,158,000 and the accrued interest of approximately HK\$13,293,000 as at 31 December 2025 before July 2027, and all interests accrued from this other loan are to be repaid on the new maturity date or if such date is not a business day, the next business day;
 - (iii) to extend the maturity date of other loan principal of approximately HK\$10,091,000 executed on 25 January 2021 to 31 December 2027 and not to demand for repayment for other loan principal of approximately HK\$10,091,000 and the accrued interest of approximately HK\$8,039,000 as at 31 December 2025 before July 2027, and all interests accrued from this other loan are to be repaid on the new maturity date or if such date is not a business day, the next business day;

- (iv) to extend the maturity date of other loan principal of approximately HK\$40,000,000 executed on 27 March 2019 to 27 September 2027 and not to demand for repayment for other loan principal of approximately HK\$40,000,000 and the accrued interest of approximately HK\$45,234,000 as at 31 December 2025 before July 2027, and all interests accrued from this other loan are to be repaid on the new maturity date or if such date is not a business day, the next business day;
 - (v) not to demand for repayment for a car rental fee of approximately RMB200,000 (approximately HK\$221,000) before July 2027;
 - (vi) not to demand for repayment for the interest of approximately HK\$11,997,000 before July 2027 related to the 8% 3-year convertible bond which the Investor had converted to share of the Company during the year ended 31 December 2024; and
 - (vii) not to demand for repayment for working capital of approximately RMB2,070,000 (approximately HK\$2,286,000) lent to the Group by certain companies controlled by the Investor and approximately HK\$1,347,000 lent to the Group by the Investor before July 2027.
- Classy Jade Limited, a company controlled by an executive Director, has agreed not to demand for repayment for the interest of approximately HK\$2,269,000 before July 2027 related to the 8% 3-year convertible bond which Classy Jade Limited had converted to share of the Company during the year ended 31 December 2024.
 - An executive Director has agreed (i) not to demand for repayment for working capital of approximately RMB10,065,000 (approximately HK\$11,113,000) lent to the Group before July 2027; and (ii) not to demand repayment of the other loan principal of approximately RMB4,600,000 (approximately HK\$5,079,000) and any accrued interest (which was nil as at 31 December 2025) before July 2027.
 - An executive Director has confirmed to provide an adequate financial support to the Group in an amount not less than HK\$130,000,000 to ensure the Group's continuing operation for a period of at least fifteen months from 31 March 2026, and is continuously maintaining his personal assets (mainly forestry assets) in good condition and actively making prior arrangement for raising fund based on these assets so that his financial support can meet the Group's projected funding requirements in a timely manner.
 - The Group is making every effort to expand its presence in the energy management and wastewater treatment markets and to strive for increased revenue from its principal operations.

- The executive Directors are continuing to broaden the Group's financing channels and is considering raising fund through the issuance of ordinary bonds, convertible bonds, or share placements in the future to support its business development.
- The executive Directors are maintaining ongoing and proactive communication with the holder of the entrusted loans to seek deferral of payments or debt restructuring.
- The executive Directors are negotiating with banks and other lending institutions to secure loan renewals or obtain alternative refinancing and new financing facilities.
- The Board is continuing to consider debt and group restructuring for certain capital-deficient subsidiaries to reduce the level of liabilities.

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

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

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

VIEWS OF THE AUDIT COMMITTEE

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

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

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

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

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

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

RESULTS

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

BUSINESS REVIEW

WASTEWATER TREATMENT

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

ENERGY MANAGEMENT

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

OUTLOOK

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

CONCLUSION

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

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

EMOLUMENT POLICY

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

LIQUIDITY AND FINANCIAL RESOURCES

LIQUIDITY

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

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

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

CHARGE ON ASSETS

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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

SHARE OPTIONS

2010 SHARE OPTION SCHEME

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

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

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

As at the date of this announcement, Mr. Tse Chi Wai, Prof. Zhu Nanwen and Prof. Li Jun had served as the independent non-executive Directors of Company for more than nine years. The Board is of the view that Mr. Tse Chi Wai, Prof. Zhu Nanwen and Prof. Li Jun can continue to fulfill his role as required. The Board is of the view that the management structure of the Company is effective for the Group's operations and sufficient checks and balances are in place. The Board will continue to review its corporate governance practices, in order to enhance its corporate governance standard, to comply with regulatory requirements and to meet the growing expectations of the shareholders of the Company and investors.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

This results announcement will be published on the website of HKExnews of the Stock Exchange at <http://www.hkexnews.hk> and the Company's website at <http://www.cethl.com>.

The Company's annual report for the financial year ended 31 December 2025 containing all the information required under the Listing Rules will be published on the websites of the Company and the Stock Exchange in due course.

AUDIT COMMITTEE

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

The main duties of the Audit Committee include the following:

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

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

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

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

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other 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 auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2025. The work performed by ZHONGHUI ANDA CPA Limited 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

By Order of the Board
China Environmental Technology Holdings Limited
Xu Jingping
Chairman

Hong Kong, 31 March 2026

As at the date of this announcement, the executive Directors are Mr. Xu Jingping, Mr. Xu Zhongping and Mr. Yang Baodong; the non-executive Directors are Mr. Ma Tianfu, Ms. Hu Yueyue and Mr. Wang Youming; and the independent non-executive Directors are Mr. Tse Chi Wai, Professor Zhu Nanwen and Professor Li Jun.