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泛亞環保集團有限公司
Pan Asia Environmental Protection Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 556)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

	2025	2024	Variance
	<i>RMB'000</i>	<i>RMB'000</i>	
REVENUE	242,560	251,507	(3.6%)
GROSS PROFIT	29,380	36,232	(18.9%)
PROFIT FOR THE YEAR			
ATTRIBUTABLE TO OWNERS			
OF THE COMPANY	7,812	17,535	(55.4%)
EARNINGS PER SHARE			
<i>(Expressed in RMB cents per share)</i>			
Basic and diluted	0.79	1.76	(55.1%)

RESULTS

The Board (the “Board”) of Directors (the “Directors”) of Pan Asia Environmental Protection Group Limited (the “Company” or “Pan Asia”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the “Group”) for the year ended 31 December 2025 (the “Reporting Period”) together with the comparative figures for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Revenue	4	242,560	251,507
Cost of sales		(213,180)	(215,275)
Gross profit		29,380	36,232
Other income, net	5	2,556	5,691
Other net (loss)/gain	6	(3)	7,279
Selling and distribution expenses		(1,870)	(1,053)
General and administrative expenses		(16,333)	(21,399)
Gain on disposal of a subsidiary	13	–	2,906
Impairment loss on cryptocurrencies	7(b), 13(e)	–	(4,912)
Fair value gain on financial liabilities at fair value through profit or loss	7(b), 13(e)	–	4,935
Finance costs	7(a)	(169)	(2,236)
Profit before taxation	7	13,561	27,443
Income tax expenses	8	(5,749)	(9,908)
Profit for the year		7,812	17,535
Other comprehensive income/(loss) for the year			
<i>Item that will not be reclassified to profit or loss:</i>			
– Exchange differences on translation of financial statements to presentation currency		3,114	(1,666)
<i>Item that are or may be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translation of financial statements to presentation currency		–	2
– Release of translation reserves upon disposal of a subsidiary		–	(1)
Total comprehensive income		10,926	15,870

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit attributable to:			
– Owners of the Company		7,812	17,249
– Non-controlling interests		–	286
		<u>7,812</u>	<u>17,535</u>
Total comprehensive income attributable to:			
– Owners of the Company		10,926	15,583
– Non-controlling interests		–	287
		<u>10,926</u>	<u>15,870</u>
		<i>RMB cents</i>	<i>RMB cents</i>
EARNINGS PER SHARE			
Basic and diluted	10	<u>0.79</u>	<u>1.76</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		25	274
Right-of-use assets		190	4,064
Deferred tax assets		903	1,791
		<u>1,118</u>	<u>6,129</u>
CURRENT ASSETS			
Trade and other receivables	11	67,035	52,871
Cash and bank balances		1,178,365	1,256,898
		<u>1,245,400</u>	<u>1,309,769</u>
CURRENT LIABILITIES			
Trade and other payables	12	68,558	140,717
Dividend payables		178,834	–
Corporate bonds		–	1,773
Lease liabilities		215	3,760
Tax payable		2,537	3,749
		<u>250,144</u>	<u>149,999</u>
NET CURRENT ASSETS		<u>995,256</u>	<u>1,159,770</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>996,374</u>	<u>1,165,899</u>
NON-CURRENT LIABILITIES			
Lease liabilities		–	353
Deferred tax liabilities		–	664
		<u>–</u>	<u>1,017</u>
NET ASSETS		<u>996,374</u>	<u>1,164,882</u>
CAPITAL AND RESERVES			
Share capital	14	91,718	91,718
Reserves		904,656	1,073,164
TOTAL EQUITY		<u>996,374</u>	<u>1,164,882</u>

Geographical information

Revenue from external customers

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
The PRC (place of domicile)	<u><u>242,560</u></u>	<u><u>251,507</u></u>

4. REVENUE

Revenue represents the fair value of the amounts received and receivables for goods sold, and services rendered, which excludes value-added and other sales taxes, and is after deduction of any goods returns and trade discounts.

Disaggregation of revenue from contracts with customers during the year are as follows:

	2025		
	EP products and equipment <i>RMB'000</i>	EP construction engineering services <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services			
Sales of goods			
– Water treatment products and equipment	172,465	–	172,465
– Flue gas treatment products and equipment	<u>70,095</u>	–	<u>70,095</u>
	<u><u>242,560</u></u>	–	<u><u>242,560</u></u>
Timing of revenue recognition			
A point in time	<u><u>242,560</u></u>	–	<u><u>242,560</u></u>
		2024	
	EP products and equipment <i>RMB'000</i>	EP construction engineering services <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services			
Sales of goods			
– Water treatment products and equipment	221,017	–	221,017
– Flue gas treatment products and equipment	<u>30,490</u>	–	<u>30,490</u>
	<u><u>251,507</u></u>	–	<u><u>251,507</u></u>
Timing of revenue recognition			
A point in time	<u><u>251,507</u></u>	–	<u><u>251,507</u></u>

Information about the Group's performance obligation

Sales of EP products and equipment

The performance obligation is satisfied when the control of the EP products and equipment has been transferred to the customers, which is usually upon completion of the installation and on-site testing. The trading terms with customers are mainly on credit and payment in advance is normally required from customers. A certain percentage of payment is retained by customers until the end of the retention period. Warranties associated with the sales of EP products and equipment cannot be purchased separately and they serve as an assurance that the products and equipment sold comply with agreed-upon specifications.

5. OTHER INCOME, NET

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest income on bank deposits	2,556	2,516
Agency fee income (<i>Note 13(e)</i>)	–	1,716
Net income from provision of decentralised disaster recovery storage solution (<i>Note 13(e)</i>)	–	1,459
	<u>2,556</u>	<u>5,691</u>

6. OTHER NET (LOSS)/GAIN

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net impairment loss (recognised)/reversed on:		
– trade receivables	(158)	6,800
– contract assets	968	552
Loss on early redemption of corporate bonds	–	(73)
Loss on lease modification	(156)	–
Loss on disposal of property, plant and equipment	(10)	–
Exchange difference	(647)	–
	<u>(3)</u>	<u>7,279</u>

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting) the following:

	2025 RMB'000	2024 RMB'000
a) Finance costs:		
Interest expenses on corporate bonds	133	1,071
Interest expenses on financial liabilities at fair value through profit or loss (<i>Note 13(e)</i>)	–	902
Interest on lease liabilities	36	263
	<u>169</u>	<u>2,236</u>
b) Other items:		
Impairment loss on cryptocurrencies (<i>Note 13(e)</i>)	–	4,912
Fair value gain on financial liabilities at fair value through profit or loss (<i>Note 13(e)</i>)	–	(4,935)
Depreciation of property, plant and equipment	55	113
Depreciation of right-of-use assets	3,227	3,364
	<u>3,227</u>	<u>3,364</u>

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2025 RMB'000	2024 RMB'000
Current tax – Provision for the year		
– PRC Enterprise Income Tax	5,525	7,843
– U.S. Income Tax (<i>Note 13(e)</i>)	–	248
	5,525	8,091
Deferred taxation		
– Origination of temporary difference	224	1,817
	<u>224</u>	<u>1,817</u>
	<u>5,749</u>	<u>9,908</u>

The Company and its subsidiaries incorporated in the Cayman Islands and the British Virgin Islands, respectively, are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profits of the Company's subsidiaries established in the PRC during the years ended 31 December 2025 and 2024.

The PRC Enterprise Income Tax Law also requires withholding tax of 10% upon distribution of profits by the subsidiaries established in the PRC since 1 January 2008 to its overseas shareholders.

The U.S. Income Tax included federal income tax calculated at a fixed rate of 21% (2025: N/A) on the estimated U.S. federal taxable income and state income tax calculated at various state income tax rates for the year ended 31 December 2024 on the estimated state taxable income for the respective states.

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2025 and 2024 as the Group did not have assessable profits arising in Hong Kong during both years.

9. DIVIDEND

During the Reporting Period, the Company recognised the following dividends as distribution:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
First tranche special dividend – HK\$0.12 per share	107,660	–
Second tranche special dividend – HK\$0.08 per share	71,774	–
	<u>179,434</u>	<u>–</u>

Pursuant to a board resolution on 24 December 2025, the Board declared a special dividend with total amount of HK\$198,000,000 (equivalent to approximately RMB179,434,000), comprising (i) the first tranche of special dividend have been settled on 26 March 2026 to shareholders whose names appear on the register of members of the Company on 5 February 2026, and (ii) the second tranche of special dividend will be settled by June 2026 to the shareholders whose names appear on the register of members of the Company on the date to be announced by the Company. The first and second tranches of special dividend were reduced from share premium and recognised as dividend payables at 31 December 2025.

The first tranche of special dividend with a scrip dividend alternative in respect of the was paid on 26 March 2026, of which HK\$10,049,000 was settled by the issuance of 14,820,842 shares at an issue price of \$0.678 per share.

The directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

10. EARNINGS PER SHARE

Basic earnings per share

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit for the year attributable to owners of the Company for the purposes of calculating basic earnings per share	<u>7,812</u>	<u>17,249</u>

Number of shares

	2025	2024
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>990,000,000</u>	<u>981,287,762</u>

Diluted earnings per share

Diluted earnings per share equals to basic earnings per share as the Company has no potential dilutive ordinary share outstanding during the years ended 31 December 2025 and 2024.

11. TRADE AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	42,984	28,800
Less: Impairment loss on trade receivables	<u>(2,772)</u>	<u>(2,614)</u>
Trade receivables, net	----- 40,212	----- 26,186
Other receivables	501	279
Less: Impairment loss on other receivables	<u>–</u>	<u>(279)</u>
Other receivables, net	----- 501	----- –
	<u>40,713</u>	<u>26,186</u>
Contract assets	26,985	28,176
Less: Impairment loss on contract assets	<u>(841)</u>	<u>(1,809)</u>
Contract assets, net	----- 26,144	----- 26,367
Prepayments and deposits	167	307
Other tax recoverable	<u>11</u>	<u>11</u>
	<u>67,035</u>	<u>52,871</u>

The Group generally allows credit period ranging from 0 to 180 days to its trade customers.

Credit is offered to customers following an assessment of their financial abilities and payment track record. Credit limits are set out for all customers and these can be exceeded only with the approval from management. Management also monitors overdue trade receivables, and follows up the collection of these receivables.

The following is an ageing analysis of trade receivables, net of impairment loss, at the end of the reporting period, presented based on the invoice date, which approximated the respective revenue recognition dates:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Less than six months	35,916	28,800
Over six months but less than one year	<u>7,068</u>	<u>–</u>
	42,984	28,800
Less: Impairment loss	<u>(2,772)</u>	<u>(2,614)</u>
	----- <u>40,212</u>	----- <u>26,186</u>

12. TRADE AND OTHER PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	49,958	56,013
Accruals and other payables	16,469	12,250
Amount due to a director	24	–
Amount due to related companies	1,425	72,454
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	67,876	140,717
	<hr/>	<hr/>
Other tax payable	682	–
	<hr/>	<hr/>
	68,558	140,717
	<hr/> <hr/>	<hr/> <hr/>

Ageing analysis of trade payables

The ageing analysis of trade payables at the end of each reporting period based on invoice date is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Less than six months	28,707	29,270
Over six months but less than one year	20,263	25,755
Over two years	988	988
	<hr/>	<hr/>
	49,958	56,013
	<hr/> <hr/>	<hr/> <hr/>

13. GAIN ON DISPOSAL OF A SUBSIDIARY

On 30 December 2024, the Company entered into the sale and purchase agreement to dispose of 51% equity interest of Turing AI Technologies Group USA LLC (“Turing AI”) (formerly known as Pan Asia Environmental Protection Group USA LLC) to Mr. Lucas Wu Perez (a minority shareholder of Turing AI) at a consideration of US\$450,000 (equivalent to approximately RMB3,216,000) (the “Disposal”). Turing AI was principally engaged in the provision of decentralised disaster recovery storage solution and provision of agency services in accordance with the cooperative agreement with the Group’s related company, PowerMeta Corporation. The Disposal was completed on 31 December 2024.

(a) Consideration received	<i>RMB'000</i>
Consideration received in cash and cash equivalents	3,216
	<u><u>3,216</u></u>
(b) Analysis of assets and liabilities over which control was lost	<i>RMB'000</i>
Cryptocurrencies	27,867
Amount due from a related company	2,268
Cash and cash equivalents	10
Tax payables	(249)
Financial liabilities at fair value through profit or loss	(29,298)
	<u>(29,298)</u>
Net assets disposed of	598
	<u><u>598</u></u>
(c) Gain on disposal of a subsidiary	<i>RMB'000</i>
Consideration received	3,216
Net assets disposed of	(598)
Non-controlling interests	287
Cumulative exchange gain in respect of the net assets of the subsidiary reclassified from equity to profit or loss	1
	<u>1</u>
Gain on disposal of a subsidiary recognised in profit or loss	2,906
	<u><u>2,906</u></u>
(d) Net cash inflows on disposal of a subsidiary	<i>RMB'000</i>
Consideration received in cash and cash equivalents	3,216
Less: Cash and cash equivalents disposed of	(10)
	<u>(10)</u>
Net cash inflows on disposal	3,206
	<u><u>3,206</u></u>

(e) **Extract of the results of Turing AI attributable to the Group**

	2024 RMB'000
Other income, net	
– Agency income (Note 5)	1,716
– Net income from provision of decentralisation disaster recovery storage solution (Note 5)	1,459
General and administrative expenses	(1,463)
Impairment loss on cryptocurrencies (Note 7(b))	(4,912)
Fair value gain on financial liabilities at fair value through profit or loss (Note 7(b))	4,935
Finance costs (Note 7(a))	(902)
	<hr/>
Profit before taxation	833
Income tax expenses (Note 8)	(248)
	<hr/>
Profit of Turing AI attributable to the Group	<u>585</u>

(f) **Extract of the cash flows of Turing AI attributable to the Group**

	2024 RMB'000
Operating activities	
Profit before tax	833
Adjustments for:	
– Impairment loss on cryptocurrencies	4,912
– Fair value gain on financial liabilities at fair value through profit or loss	(4,935)
– Finance costs	902
	<hr/>
Net cash generated from operating activity	<u>1,712</u>
Net cash used in investing activity	
– Advance to a related company	(1,712)
	<hr/>
Net cash generated from financing activity	
– Capital injection from non-controlling interests	10
	<hr/>

14. SHARE CAPITAL

Authorised and issued share capital

	Number of shares '000	Amount HK\$'000	Amount RMB'000
<i>Ordinary shares of HK\$0.1 each</i>			
Authorised:			
As at 1 January 2024, 31 December 2024 and 2025	4,000,000	400,000	
Issued and fully paid:			
As at 1 January 2024	928,679	92,868	86,149
Issue of shares (<i>Note (a)</i>)	61,321	6,132	5,569
As at 31 December 2024 and 2025	990,000	99,000	91,718

Note:

- (a) On 22 February 2024, the Company settled the debt of HK\$13,000,000 (equivalent to RMB11,806,000) by issue of 61,320,755 ordinary shares of the Company in accordance with the debt capitalisation agreement signed between the subscriber and the Company on 1 December 2023.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

15. MATERIAL RELATED PARTY TRANSACTIONS

Apart from note 13 to this announcement, the Group has the following transactions and balances with related parties:

Transactions and balances with related parties

	<i>Notes</i>	Year ended 31 December	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Interest expenses on corporate bonds			
– Mr. Jiang Xin		–	449
– Mr. Jiang Quanlong		–	449
Interest expenses on financial liabilities at fair value through profit or loss			
– 3 Body Unispace Limited	7(a), 13(e)	–	902
Agency fee income			
– PowerMeta Corporation	5, 13(e)	–	1,716

Amounts receivable/(payable) by the Group to related parties

	<i>Note</i>	At 31 December	At 31 December
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Amount due to related companies			
– Praise Fortune Limited	12	–	(72,454)
– China Sky Global Investment Limited	12	(1,425)	–
Amount due to a director			
– Mr. Guo Jiannan	12	(24)	–

The Directors are of the opinion that the above transactions were entered into under normal course of business and in accordance with the terms of the agreements governing these transactions.

16. EVENTS AFTER THE REPORTING PERIOD

The following significant events took place subsequent to 31 December 2025:

Entered into artificial intelligence assets (“AI Assets”) procurement agreement

On 5 January 2026, a subsidiary of the Company entered into the AI Assets Procurement Agreement with Chengdu Qingshu Technology Company Limited (成都清數科技有限公司) in relation to procurement of the AI Assets at the consideration of RMB30,554,900. Such consideration covers all expenses involved in relation to the AI Assets, including related technical and engineering services, design, materials and accessories, testing, packaging and warranty services.

Further details of this procurement agreement are set out in the Company’s announcement dated 5 January 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

The year 2025 was a challenging year for the Group. Confronted with a complex and evolving macroeconomic environment and intensifying industry competition, by leveraging its established experience and technical capabilities in the environmental engineering sector, the Group responded prudently to market developments, and its principal businesses remained generally stable. During the year, the Group continued to focus on industrial wastewater and flue gas treatment solutions targeting “near-zero discharge” and successfully secured a number of projects. The industry was also exposed to certain external challenges, including increased payment pressures faced by some customers and volatility in raw material prices. In response, the Group continued to strengthen its risk management measures and internal control procedures with a view to mitigating potential operational and financial risks. The Group will continue to focus on its core environmental engineering business. Subject to market conditions and policy developments, the Group expects to benefit from opportunities arising from national policies such as the “Dual Carbon” strategy and the “Beautiful China” initiative. The Group will continue to adopt a prudent business approach, enhance its technical capabilities, and seek to deliver sustainable value to shareholders while contributing to environmental protection and sustainable development.

FINANCIAL REVIEW

During the year under review, the Group generated total revenue of RMB242.6 million, a decrease of 3.6% compared with RMB251.5 million recorded in 2024. Gross profit decreased by 18.9% to RMB29.4 million (2024: RMB36.2 million) with the gross profit margin of 12.1% (2024: 14.4%). Decreases of revenue and gross profit were due to keen competitions.

Profit attributable to owners of the Company amounted to RMB7.8 million for the year ended 31 December 2025, RMB17.2 million for the year ended 31 December 2024. Basic and diluted earnings per share was RMB0.79 cents (2024: basic and diluted earnings per share of RMB1.76 cents).

FINAL DIVIDEND AND SECOND TRANCHE SPECIAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

The Board intends for the Company to maintain a stable and sustainable dividend policy and plans to declare dividends on an annual basis. According to the current dividend policy, the amount of dividends to be declared will normally be at least 30% of the audited consolidated profit after tax of the Group in a given year. Taking into account the profit attributable to owners of the Company for the year ended 31 December 2025 of RMB7.8 million, at least RMB2.3 million shall be declared and paid as final dividend (“**Intended Final Dividend**”). However, for the sake of cost efficiency, the Board has decided to consider and include the Intended Final Dividend with the dividend amount to be distributed as cash dividend in the Second Tranche Special Dividend (as defined below).

Pursuant to board resolution on 24 December 2025, the Board declared a special dividend with total amount of HK\$198 million, comprising the first tranche of special dividend of HK\$118.8 million (HK\$108.8 million paid in cash with 14,820,842 scrip shares allotted in March 2026) (“**First Tranche Special Dividend**”) and the second tranche of special dividend of HK\$79.2 million (to be paid by June 2026) (“**Second Tranche Special Dividend**”). As stated in the announcement of the Company dated 24 December 2025, should the total cash payment fall below the amount of HK\$118.8 million (in case eligible Shareholders elect to receive the First Tranche Special Dividend in the form of scrip shares) in the First Tranche Special Dividend, the shortfall (i.e. HK\$10.0 million) (“**Additional Special Dividend**”) will be distributed as cash dividend in the Second Tranche Special Dividend.

Further announcement(s) will be made as to the details of the dividend amount to be distributed as cash dividend in the Second Tranche Special Dividend, taking into consideration of the Intended Final Dividend and the Additional Special Dividend, in or around June 2026 .

BUSINESS REVIEW

The Group is principally engaged in the development, manufacture and sale of EP products and equipment, and the provision of EP construction engineering solutions and services. In 2025, the sale of EP products and equipment contributed revenue of RMB242.6 million (2024: RMB251.5 million), accounting for 100% (2024: 100%) of the Group’s total revenue. The Group completed seven water treatment projects and four flue gas treatment projects.

As at 31 December 2025, the Group had 2 projects on hand with an aggregate value of work to be completed of approximately RMB76.2 million (tax inclusive). The Group expects the above projects on hand to be completed by the end of 2026.

The changes in the management of the Group during the year were as follows:

- Mr. Guo Jiannan has been changed from the Chairman to Vice Chairman of the Board;
- Mr. Zhu Duke Li resigned as an Executive Director and Chief Executive Officer;
- Mr. Lin Juno was appointed as an Executive Director and Chairman of the Board; and
- Ms. Pan Chang was appointed as the Chief Executive Officer of the Group.

PROSPECTS

Looking ahead, the Group will continue to adhere to its prudent operating principles. While consolidating its existing principal business, the Group will prudently pursue development opportunities arising from emerging industries, with a view to continuously optimising its business structure and enhancing its overall operational resilience and long-term growth potential.

In respect of its principal business, the Group will continue to focus on industrial environmental protection, water treatment and related equipment and solution businesses, while further expanding market presence, strengthening project execution and optimising internal management, so as to enhance operational efficiency and business quality. Against the backdrop of the continued advancement of green manufacturing, energy conservation, emission reduction and industrial upgrading, the Group will continue to leverage its existing industry experience and resource advantages to consolidate its principal business foundation and provide stable support for its future development.

At the same time, the Group will prudently advance its business diversification initiatives. As application scenarios for artificial intelligence continue to expand, demand for computing power infrastructure and related supporting facilities is gradually increasing, and the relevant industry is also progressively shifting from the initial investment stage towards application deployment and operational capability building. The Group will, taking into account market conditions, resource availability and risk control requirements, steadily explore development opportunities relating to intelligent computing power infrastructure, related equipment and operational services, and will progressively refine its relevant business positioning in accordance with the actual pace of advancement.

In relation to the new consumer business, the Group will continue to promote scenario development, terminal expansion and operational system optimisation in respect of the Sheraloo-related business. Based on market feedback and operational validation, the Group will gradually refine its business model and organisational capabilities, so as to promote the steady development of the relevant business and progressively enhance its scalability and synergy potential within the Group's overall business structure. In the course of advancing the relevant business, the Group is also exploring the integration of its existing water treatment technologies and related equipment capabilities with end-consumer scenarios, with a view to empowering the Sheraloo-related business and progressively extending the application boundaries of the Group's environmental protection technologies into consumer-oriented new consumption scenarios.

The Board believes that the future development of the Group will not only come from the continued strengthening of its principal business, but also from the gradual cultivation and orderly development of its new businesses. The Group will continue to uphold prudent and pragmatic management, long-termism and a shareholder value-oriented approach, while promoting the coordinated development of its existing and new businesses, with a view to continuously enhancing its overall operating quality and long-term value creation capability.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group's total assets amounted to RMB1,246.5 million, a decrease of RMB69.4 million compared with RMB1,315.9 million in 2024. The Group's total liabilities as at 31 December 2025 amounted to RMB250.1 million, an increase of RMB99.1 million compared with RMB151.0 million in 2024. The increase was mainly due to first tranche of special dividend payables net of repayment of amount due to the Company's immediate and ultimate controlling party.

The Group's total equity as at 31 December 2025 was RMB996.4 million (2024: RMB1,164.9 million), and the gearing ratio, calculated on the basis of total borrowings (including corporate bonds and amount due to related companies) to equity (including all capital and reserves), was 0.1% (2024: 6.4%). The Group's cash and cash equivalents amounted to RMB1,178.4 million as at 31 December 2025 (2024: RMB1,256.9 million).

EXPOSURE TO FLUCTUATIONS IN FOREIGN EXCHANGE RATES

The majority of the Group's business transactions and liabilities are denominated in Renminbi and Hong Kong dollars. The Group has adopted a conservative financial policy, and the majority of its bank deposits are in Renminbi and Hong Kong dollars. As at 31 December 2025, the Group did not have any foreign currency bank liabilities, foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes. Nevertheless, the management continues to monitor the Group's foreign exchange exposure and will take prudent measures as and when appropriate. As at 31 December 2025, the Group did not hold any derivatives for hedging against interest rate or foreign exchange risks.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any capital expenditure commitments for the acquisition of property, plant and equipment (2024: Nil). The Group has issued product warranties to its customers for certain of its EP products and equipment sold for a warranty period ranging from six months to two years after installation. At the same time, the Group has also received product warranties for such EP products and equipment supplied from its suppliers. The Directors believe that the amount of crystallized warranty liabilities will not be significant at the end of the reporting period.

PLEDGE OF ASSETS

There was no pledge of assets by the Group as at 31 December 2025.

RELATIONSHIP WITH EMPLOYEES AND KEY STAKEHOLDERS

As at 31 December 2025, the Group had approximately 80 employees. Employee salaries are maintained at competitive levels and are reviewed annually, with close reference to the relevant labor markets and economic situations. Directors' remuneration is determined based on a variety of factors such as market conditions and the specific responsibilities shouldered by the individual directors. In addition to providing the basic remuneration and statutory benefits as required by the law, the Group provides discretionary bonuses based on its results and the performance of the individual employee. The Group also has an employee share option scheme in operation. Total remuneration costs, including Directors' remuneration, for the year ended 31 December 2025 was RMB12.7 million (2024: RMB14.6 million). During the year under review, the Group organized professional and vocational training for its employees. The Directors believe that the Group has an admirable relationship with its employees.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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

REVIEW BY AUDIT COMMITTEE

An audit committee comprising three independent non-executive directors has been established by the Company to review the financial reporting process and internal control procedures of the Group.

The audit committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2025.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Company’s auditor, Ascenda Cachet CPA Limited (the “**Auditor**”), to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by the Auditor 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 the Auditor on this announcement.

AUDIT OPINION

The consolidated financial statements have been audited by the Group’s auditor, Ascenda Cachet CPA Limited. The independent auditor has issued a qualified audit opinion in the auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2025. An extract of the independent auditor’s report is set out in the section headed “EXTRACT OF INDEPENDENT AUDITOR’S REPORT” below.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report issued by the Group’s independent auditor:

QUALIFIED OPINION

We have audited the consolidated financial statements of Pan Asia Environmental Protection Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages [•] to [•], which comprise the Consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, except for the possible effects on the matters described in the section of “Basis for Qualified Opinion” of our report, 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.

BASIS FOR QUALIFIED OPINION

As disclosed in note 25 to the consolidated financial statements, the Group had disposed of 51% equity interest of Turing AI Technologies Group USA LLC (“**Turing AI**”) (the “**Disposal**”) and the Group ceased its control of Turing AI upon completion of the Disposal on 31 December 2024 (the “**Disposal Date**”). All the books and records of Turing AI, including but not limited to the management accounts, ledgers and sub-ledgers accounts, vouchers, bank statements, agreements and other documentations were transfer to the purchaser.

As explained in our auditor’s report on the consolidated financial statements of the Group for the year ended 31 December 2024, we were unable to fully access to the accounting books and records of the Turing AI after the completion of the Disposal. As a result, we were unable to determine whether any adjustments were necessary in respect of (i) the results and cash flows of the Turing AI for the period from 1 January 2024 to the Disposal Date which were included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2024; (ii) the carrying amounts of the assets and liabilities of the Turing AI as at the Disposal Date as disclosed in note 25 to the consolidated financial statements; and (iii) the gain on disposal of the Turing AI which was calculated based on the carrying amounts of the assets and liabilities of the Turing AI as at the Disposal Date.

Our opinion on the current year’s consolidated financial statements is also modified because of the possible effects of these matters on the comparability of the relevant financial information presented as comparative figures.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), as applicable to audits of consolidated financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements.

ADDITIONAL INFORMATION REGARDING THE QUALIFIED OPINION OF THE AUDITOR

As disclosed in the paragraph headed “Qualified Opinion” in the independent auditor’s report on the consolidated financial statements of the Group for the year ended 31 December 2025 (the “**Independent Auditor’s Report**”), the auditor of the Company, Ascenda Cachet CPA Limited, expressed a qualified opinion on the consolidated financial statements of the Group for the year ended 31 December 2025. The management of the Company obtained the understanding with Ascenda Cachet CPA Limited that the audit opinion (“**Audit Modification**”) for the year ended 31 December 2025 is qualified only to the extent of the comparative information of the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 December 2024 as stated in the section of “Basis for Qualified Opinion” of the Independent Auditor’s Report.

Other than the comparability of the related financial information mentioned above, in the opinion of Ascenda Cachet CPA Limited, 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 and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

As disclosed in the consolidated financial statements, the Group had disposed of the entire issued share capital of Turing AI (the “**Disposal**”) and the Group ceased its control of Turing AI upon completion of the Disposal on 31 December 2024 (the “**Disposal Date**”). A gain on disposal of the Turing AI of approximately RMB2,906,000 was recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2024.

As explained in the auditor’s report on the consolidated financial statements of the Group for the year ended 31 December 2024, Ascenda Cachet CPA Limited were unable to determine whether any adjustments were necessary in respect of (i) the results and cash flows of Turing AI for the period from 1 January 2024 to the Disposal Date which were included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2024; (ii) the carrying amounts of the assets and liabilities of Turing AI as at the Disposal Date as disclosed in the consolidated financial statements; and (iii) the gain on disposal of Turing AI which was calculated based on the carrying amounts of the assets and liabilities of Turing AI as at the Disposal Date.

Ascenda Cachet CPA Limited opinion on the current year’s consolidated financial statements is also modified because of the possible effects of these matters on the comparability of the relevant financial information presented as comparative figures.

CORPORATE GOVERNANCE

The Board is committed to achieving high corporate governance standards. The Company’s corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules.

In the opinion of the Directors, throughout the year ended 31 December 2025, the Company has complied with the code provisions as set out in the CG Code, save for code provisions C.5.1.

At Least Four Regular Board Meetings a Year

Code provision C.5.1 stipulates that regular Board meetings should be held at least four times a year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication. During the year ended 31 December 2025, the Board held meetings with active participation of majority Directors, either in person or through electronic means of communication. The Company does not announce its quarterly results and hence not consider the holding of quarterly meetings as necessary.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.paep.com.cn) and the annual report for the year ended 31 December 2025 will be published on the above-mentioned websites in due course.

By order of the Board
Pan Asia Environmental Protection Group Limited
Lin Jun
Chairman

Hong Kong, 30 March 2026

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. LIN Jun

Mr. GUO Jiannan

Ms. PAN Chang

Independent Non-executive Directors:

Mr. CHEN Xuezheng

Mr. GAO Hongbin

Mr. LEUNG Shu Sun, Sunny

Non-Executive Director:

Ms. SONG Xiaojuan