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CHINA ENVIRONMENTAL RESOURCES GROUP LIMITED

中國環境資源集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1130)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2026

The board of directors (the “Board”) of China Environmental Resources Group Limited (the “Company”) announces the annual audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 30 June 2026 together with comparative figures for the year ended 30 June 2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2026

	Notes	2026 HK\$'000	2025 HK\$'000
Revenue	4	147,919	60,749
Cost of sales		<u>(124,553)</u>	<u>(47,497)</u>
Gross profit		23,366	13,252
Other income, gains and losses	6	12,886	1,617
Administrative and operating expenses		(32,222)	(35,725)
Fair value gain/(loss) on investment properties		22,713	(15,680)
Loss arising from changes in fair value less costs to sell of biological assets	12	(8,649)	(5,373)
Net gain on fair value changes in investments at fair value through profit or loss		274	5,672
Loss on disposal of subsidiaries		—	(894)
Gain on deregistration of a subsidiary		—	467
Provision for impairment loss of receivables, net		(8,829)	(2,628)
Provision for impairment loss on refundable secured deposit		<u>(11,000)</u>	<u>—</u>
Loss from operations		(1,461)	(39,292)
Finance costs	7	<u>(5,372)</u>	<u>(5,989)</u>
Loss before tax		(6,833)	(45,281)
Income tax credit	8	<u>81</u>	<u>2,341</u>
Loss for the year	9	<u>(6,752)</u>	<u>(42,940)</u>
Other comprehensive income after tax:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>15,033</u>	<u>4,503</u>
Other comprehensive income for the year, net of tax		<u>15,033</u>	<u>4,503</u>
Total comprehensive income/(loss) for the year		<u><u>8,281</u></u>	<u><u>(38,437)</u></u>

	<i>Notes</i>	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
(Loss)/profit for the year attributable to:			
Owners of the Company		(10,742)	(40,305)
Non-controlling interests		3,990	(2,635)
		<u>(6,752)</u>	<u>(42,940)</u>
Total comprehensive			
income/(loss) for the year attributable to:			
Owners of the Company		3,826	(35,901)
Non-controlling interests		4,455	(2,536)
		<u>8,281</u>	<u>(38,437)</u>
Loss per share	<i>10</i>		
Basic (HK cents per share)		<u>(2)</u>	<u>(8)</u>
Diluted (HK cents per share)		<u>(2)</u>	<u>(8)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	<i>Notes</i>	2026 HK\$'000	2025 HK\$'000
Non-current assets			
Property, plant and equipment		2,639	463
Right-of-use assets		3,709	3,149
Investment properties		247,681	225,819
Biological assets	<i>12</i>	190,376	189,080
Intangible assets		60,711	62,222
Goodwill		2,543	1,087
Deferred tax assets		74	—
Finance lease receivables		32,781	36,661
Loans receivable		58	—
		540,572	518,481
Current assets			
Inventories		34,320	22,086
Trade and other receivables	<i>13</i>	62,916	45,975
Loans receivable		7,726	7,505
Finance lease receivables		539	625
Investments at fair value through profit or loss	<i>14</i>	2,908	140
Refundable secured deposit		—	11,000
Cash and cash equivalents		3,468	1,920
		111,877	89,251
Current liabilities			
Trade and other payables	<i>15</i>	36,144	42,539
Contract liabilities		9,074	4,266
Lease liabilities		1,905	3,068
Borrowings		61,551	63,163
Bank overdrafts		4,998	4,936
Current tax liabilities		1,306	18
		114,978	117,990
Net current liabilities		(3,101)	(28,739)
Total assets less current liabilities		537,471	489,742

		2026	2025
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		48,649	46,456
Deferred tax liabilities		64,377	62,701
		<u>113,026</u>	<u>109,157</u>
NET ASSETS		<u>424,445</u>	<u>380,585</u>
Capital and reserves			
Share capital	16	56,287	48,877
Reserves		355,641	325,166
		<u>411,928</u>	<u>374,043</u>
Equity attributable to owners of the Company		12,517	6,542
Non-controlling interests		<u>12,517</u>	<u>6,542</u>
TOTAL EQUITY		<u>424,445</u>	<u>380,585</u>

NOTES

1. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of biological assets which are carried at their fair values less costs to sell, and investment properties and investments at fair value through profit or loss which are carried at their fair values. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of approximately HK\$10,742,000 and operating cash outflow of approximately HK\$20,362,000 for the year ended 30 June 2026, as of that date, the Group had net current liabilities of approximately HK\$3,101,000 while the Group’s cash and cash equivalent and bank overdrafts balances amounted to approximately HK\$3,468,000 and approximately HK\$4,998,000, respectively, as at 30 June 2026. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have been undertaking the following plans and measures to improve the Group’s liquidity and financial position:

- (i) An executive director who is also the chairman, chief executive officer and substantial shareholder of the Company has undertaken to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due, so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for the next twelve months from 30 June 2026;
- (ii) The Group shall continue to implement measures aiming at improving the working capital and cash flows of the Group, including but not limited to the implementation of cost-saving measures to maintain adequate cash flows for the Group’s operations; and
- (iii) The directors have carried out a detailed review of the cash flow forecast of the Group prepared by the management of the Company covered a period of not less than twelve months from 30 June 2026, after taking into account the impact of the above-mentioned plans and measures. Accordingly, the directors believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from 30 June 2026.

The directors of the Company are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value 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 liabilities as current assets and liabilities, respectively.

3. APPLICATION 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 HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 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 has not applied the new HKFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRS Accounting Standards but is not yet in a position to state whether these new HKFRS Accounting Standards would have a material impact on its results of operations and financial position.

4. REVENUE

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Metal recycle and processing business (<i>note (a)</i>)	94,196	2,831
Trading of motor vehicles and related accessories	44,182	48,769
IT business (<i>note (a)</i>)	545	268
Revenue from contracts with customers	138,923	51,868
Rental income	3,827	3,528
Dividend income	—	61
Loan interest income	346	368
Finance lease interest income	4,823	4,924
Total revenue	<u>147,919</u>	<u>60,749</u>

Note:

- (a) The Group has changed the presentation of revenue from "Trading of recycled metal" to "Metal recycling and processing business" and from "Trading of computer accessories" to "IT business", to better reflect the nature and scope of the Group's operations.

Disaggregation of revenue from contracts with customers for year ended 30 June 2026:

	Metal recycle and processing business HK\$'000	Trading of motor vehicles and related accessories HK\$'000	IT business HK\$'000
Geographical markets			
The People's Republic of China (the "PRC")	94,196	1,449	—
Hong Kong	—	42,733	545
	94,196	44,182	545
Timing of revenue recognition			
At a point in time	94,196	44,182	274
Over time	—	—	271
	94,196	44,182	545

Disaggregation of revenue from contracts with customers for year ended 30 June 2025:

	Metal recycle and processing business HK\$'000	Trading of motor vehicles and related accessories HK\$'000	IT business HK\$'000
Geographical markets			
The PRC	—	6,349	—
Hong Kong	2,831	41,557	140
Macau	—	9	—
Taiwan	—	43	—
United Kingdom	—	811	—
Vietnam	—	—	128
	2,831	48,769	268

All revenue from contracts with customers are recognised at a point in time during the year ended 30 June 2025.

Sales of goods

The Group sells recycled metals, motor vehicles and related accessories and computer accessories. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 to 90 days. For new customers, payment in advance or cash on delivery is normally required. Deposits received are recognised as contract liabilities.

A receivable is recognised when the products are delivered 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.

IT business

The Group provides IT services to its customers, including system installation, implementation, software development and related support. IT services are provided mainly in the form of fixed-price contracts. Revenue related to these services are recognised ratably over the service contract period. Amounts recognised as revenue before billing are recorded as contract assets, and amounts received before related services are rendered are recorded as contract liabilities.

5. SEGMENT INFORMATION

The Group has eight reportable segments as follows:

- (i) Metal recycle and processing business
- (ii) Trading of motor vehicles and related accessories
- (iii) Property investment
- (iv) Provision of financial services
- (v) Securities trading and investment
- (vi) Sales of plantation materials and products
- (vii) Provision of finance lease services
- (viii) IT business

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include finance costs and income tax credit. Segment assets do not include goodwill, deferred tax assets and refundable secured deposit. Segment liabilities do not include deferred tax liabilities, borrowings and bank overdrafts.

Information about reportable segment revenue, profit or loss, assets and liabilities:

	Metal recycle and processing business HK\$'000	Trading of motor vehicles and related accessories HK\$'000	Property investment HK\$'000	Provision of financial services HK\$'000	Securities trading and investment HK\$'000	Sales of plantation materials and products HK\$'000	Provision of finance lease services HK\$'000	IT business HK\$'000	Total HK\$'000
Year ended 30 June 2026									
Revenue from external customers	94,196	44,182	3,827	346	—	—	4,823	545	147,919
Segment profit/(loss) comprising:	8,995	(4,320)	24,269	128	265	(8,743)	(2,784)	291	18,101
Loss arising from changes in fair value less costs to sell of biological assets	—	—	—	—	—	(8,649)	—	—	(8,649)
Depreciation and amortisation	(52)	(316)	—	(685)	—	(4,729)	—	—	(5,782)
Net unrealised gain on listed securities	—	—	—	—	274	—	—	—	274
Fair value gain on investment properties	—	—	22,713	—	—	—	—	—	22,713
(Provision)/reversal of provision for impairment loss of receivables	—	(4,443)	—	767	—	—	(4,728)	—	(8,404)
At 30 June 2026									
Segment assets	37,967	54,539	248,809	8,277	2,921	251,000	34,150	4,559	642,222
Segment liabilities	13,865	13,263	3,536	190	—	1,918	47,444	4,255	84,471
Year ended 30 June 2025									
Revenue from external customers	2,831	48,769	3,528	368	61	—	4,924	268	60,749
Segment (loss)/profit comprising:	(422)	(639)	(13,625)	(619)	5,700	(10,002)	1,509	215	(17,883)
Loss arising from changes in fair value less costs to sell of biological assets	—	—	—	—	—	(5,373)	—	—	(5,373)
Depreciation and amortisation	—	(625)	(1)	(685)	—	(4,571)	—	—	(5,882)
Proceeds from disposal of listed securities	—	—	—	—	10,564	—	—	—	10,564
Costs of disposal of listed securities	—	—	—	—	(4,967)	—	—	—	(4,967)
Net unrealised gain on listed securities	—	—	—	—	75	—	—	—	75
Fair value loss on investment properties	—	—	(15,680)	—	—	—	—	—	(15,680)
(Provision)/reversal of provision for impairment loss of receivables	—	(703)	—	18	—	—	(1,943)	—	(2,628)
At 30 June 2025									
Segment assets	—	61,364	226,585	8,708	153	251,225	38,075	—	586,110
Segment liabilities	85	13,707	7,424	997	467	1,818	47,362	—	71,860

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Revenue:		
Total revenue of reportable segments	<u>147,919</u>	<u>60,749</u>
Loss:		
Total profit/(loss) of reportable segments	18,101	(17,883)
Other profit or loss:		
Finance costs	(5,372)	(5,989)
Income tax credit	81	2,341
Corporate and unallocated items	<u>(19,562)</u>	<u>(21,409)</u>
Consolidated loss for the year	<u>(6,752)</u>	<u>(42,940)</u>
Assets:		
Total assets of reportable segments	642,222	586,110
Goodwill	2,543	1,087
Deferred tax assets	74	—
Refundable secured deposit	—	11,000
Corporate and unallocated assets	<u>7,610</u>	<u>9,535</u>
Consolidated total assets	<u>652,449</u>	<u>607,732</u>
Liabilities:		
Total liabilities of reportable segments	84,471	71,860
Deferred tax liabilities	64,377	62,701
Borrowings and bank overdrafts	66,549	63,163
Corporate and unallocated liabilities	<u>12,607</u>	<u>29,423</u>
Consolidated total liabilities	<u>228,004</u>	<u>227,147</u>

Geographical information:

	Revenue		Non-current assets	
	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i> (restated)
The PRC	95,645	6,349	340,908	307,039
Hong Kong	47,451	48,485	166,751	174,781
Macau	—	9	—	—
Taiwan	—	43	—	—
United Kingdom	—	811	—	—
Nepal	4,823	4,924	—	—
Vietnam	—	128	—	—
	<u>147,919</u>	<u>60,749</u>	<u>507,659</u>	<u>481,820</u>

In presenting the geographical information, revenue is based on the locations of the customers.

Revenue from major customers:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Trading of motor vehicles and related accessories		
Customer A	<u>36,545</u>	<u>34,512</u>

Revenue from the above customers individually contributed more than 10% of the total revenue of the Group.

6. OTHER INCOME, GAINS AND LOSSES

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Sponsor income	611	755
Government subsidy	13	—
Gain on disposal of property, plant and equipment	—	1
Forfeiture of deposits received (<i>note (a)</i>)	11,800	—
Others	<u>462</u>	<u>861</u>
	<u>12,886</u>	<u>1,617</u>

Note:

- (a) According to the Company's announcement dated 11 August 2025, the amount represents deposits forfeited from a purchaser under a sale and purchase agreement, as the purchaser failed to proceed with the transaction and the Company exercised its right to forfeit the deposits absolutely as agreed liquidated damages pursuant to the agreement.

7. FINANCE COSTS

	2026 HK\$'000	2025 HK\$'000
Interest on bank loans	2,489	3,294
Interest on bank overdrafts	264	320
Interest on other loan	676	309
Lease interests	1,943	2,066
	<u>5,372</u>	<u>5,989</u>

8. INCOME TAX CREDIT

	2026 HK\$'000	2025 HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the year	196	135
Over-provision in prior years	(3)	(2)
	<u>193</u>	<u>133</u>
Current tax — PRC Enterprise Income Tax	1,199	4
Deferred tax	(1,473)	(2,478)
Income tax credit	<u>(81)</u>	<u>(2,341)</u>

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

Profits of the group entities established in the PRC will be taxed at the PRC Enterprise Income Tax rate of 25% (2025: 25%). According to the applicable PRC tax regulations, which became effective from 1 January 2023, the Group's subsidiaries established in the PRC are qualified for Corporate Income Tax ("CIT") incentives for small and low-profit enterprises ("SLPE"), which CIT liability will be halved for taxable income exceeding RMB1 million but less than RMB3 million, subject to a 20% CIT rate on 25% of on taxable income. According to the relevant tax regulations, from 1 January 2021 to 31 December 2030, enterprises located in the western region that are engaged in industries specified in the Catalogue of Encouraged Industries in the Western Region and whose revenue from their principal business accounts for 60% or more of their total revenue are eligible for a reduced corporate income tax rate of 15%.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Reconciliation between income tax credit and the product of loss before tax multiplied by the PRC Enterprise Income Tax rate is as follows:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Loss before tax	<u>(6,833)</u>	<u>(45,281)</u>
Tax calculated at applicable tax rate of 25% (2025: 25%)	(1,708)	(11,320)
Effect of different tax rates of the subsidiaries	2,690	3,207
Tax effect of expenses that are not deductible	4,770	2,542
Tax effect of income that are not taxable	(1,462)	(846)
Tax effect of temporary differences not recognised	(3,786)	2,343
Tax effect of utilisation of tax losses not previously recognised	(253)	—
Tax reduction	(995)	(203)
Over-provision in prior years	(3)	(2)
Tax effect of tax losses not recognised	<u>666</u>	<u>1,938</u>
Income tax credit	<u><u>(81)</u></u>	<u><u>(2,341)</u></u>

9. LOSS FOR THE YEAR

The Group's loss for the year is stated at after charging/(crediting) the following:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Amortisation of intangible assets	4,696	4,539
Auditor's remuneration	920	920
Cost of inventories recognised as an expense	124,553	47,497
Depreciation	2,103	2,416
Gain on disposals of property, plant and equipment	—	(1)
Expenses related to short-term leases	883	840
Staff costs (including directors' remuneration):		
— salaries, bonuses and allowances	11,907	13,786
— retirement benefit scheme contributions	325	291
	<u><u>12,232</u></u>	<u><u>14,077</u></u>

During the years ended 30 June 2026 and 2025, the Group had no forfeited contribution under defined contribution retirement schemes utilised to reduce the existing levels of contributions. As at 30 June 2026 and 2025, there was no forfeited contribution under defined contribution retirement schemes which may be used by the Group to reduce the contribution payable in the future years.

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$10,742,000 (2025: HK\$40,305,000) and the weighted average number of ordinary shares of 531,605,037 (2025: 488,769,147) in issue during the year.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 30 June 2026 and 2025.

11. DIVIDENDS

The directors resolved not to recommend or declare the payment of any dividend in respect of the years ended 30 June 2026 and 2025.

12. BIOLOGICAL ASSETS

	Standing timbers HK\$'000
At 1 July 2024	190,958
Change in fair value less costs to sell	(5,373)
Exchange differences	3,495
At 30 June 2025 and 1 July 2025	189,080
Change in fair value less costs to sell	(8,649)
Exchange differences	9,945
At 30 June 2026	190,376

The Group's biological assets represent standing timbers on plantation land of approximately 30,000 Chinese Mu, which were acquired in the acquisition 100% equity interest of Ample Rich Enterprises Limited ("Ample Rich", a wholly-owned subsidiary of the Company) and its subsidiaries (collectively referred to as the "Ample Rich Group") in 2009, with a lease term of 30 years, expiring in 2038. The standing timbers comprise mostly poplar trees (accounting over 99% of the total standing timbers), mixed with a very small portion of other species of deciduous trees such as elm and willow. With the consultation of the Company's PRC's Legal Adviser, through the forestry management agreement dated 10 June 2008 entered into by and between the 142nd Regiment of the Eight Division of Xinjiang Production and Construction Corp and Foshan Gold Vantage Forestry Limited and also supplemented by the agreement dated 2 December 2008, the directors of the Company consider that the Company has the right, potential to produce economic benefits and control the biological assets and such amount are classified as biological assets of the Company which are measured at fair value at the end of each reporting period under the Hong Kong Accounting Standard 41 Agriculture at the end of each reporting period and HKFRS 13 Fair Value Measurement and the Company's accounting policies.

During the years ended 30 June 2026 and 2025, the Group did not harvest or sell any standing timbers.

The fair value of the Group's standing timbers as at 30 June 2026 were independently valued by Colliers Appraisal and Advisory Services Co., Ltd. ("Colliers") which comprises a group of independent professional valuers with experience and expertise in relation to biological assets valuation. Their team consists of professional valuers and agricultural experts who work together in a wide array of biological assets to ensure the reliability and fairness of their valuation results. Accordingly, the directors are of the view that Colliers is independent and competent to determine the fair value of the Group's biological assets.

Colliers has adopted a market approach for the valuation of standing timbers. The method uses the present market value in terms of price per unit cubic meter of round logs and the total merchantable volume of timbers on the plantation land as at 30 June 2026 as a basis for calculating the fair value less costs to sell of the biological assets. Colliers has adopted the measured merchantable volume of standing timbers as indicated by an independent forest surveyor engaged by the Group and also verified the market price per cubic meter of logs by referencing to the market price lists, after taking into account of local timber manufacturing factories as well.

The management of the Company has also:

- assessed the valuation techniques;
- verified all major inputs to the independent valuation reports;
- held discussions with the independent valuer on the valuation basis, processes and results; and
- held discussions with the relevant personnel who are responsible to the standing timbers on plantation land, if appropriate.

The management of the Company reported directly to the directors. Discussions of the valuation techniques, changes in market information, the valuation processes and results were held between the directors, the management of the Company and Colliers to ensure the valuation has been performed properly.

The principal assumptions adopted are as follows:

1. no material changes in the existing financial, economic, taxation, legal, forestry technological, nature conditions, political conditions, climate and any other natural condition; and
2. the market conditions in which the region operate, which are material to revenue and costs of the businesses will have no material change.

Nature risk

The Group's revenue depends significantly on the ability to harvest wood at adequate levels. The ability to harvest on the plantation land and the growth of the trees on the plantation land may be affected by unfavorable local weather conditions and natural disasters. Severe weather conditions and natural disasters such as earthquakes, rainfall, underground water, fire, disease, insect infestation and pests are examples of such events. The occurrence of severe weather conditions or natural disasters may diminish the supply of trees available for harvesting on the plantation land, or otherwise impede the Group's logging operations or the growth of the trees on the plantation land, which in turn may have a material adverse effect on the Group's ability to produce the products in sufficient quantities and a timely manner.

13. TRADE AND OTHER RECEIVABLES

	2026 HK\$'000	2025 HK\$'000
Trade receivables	30,819	25,563
Less: provision for impairment loss of trade receivables	<u>(5,631)</u>	<u>(1,188)</u>
	25,188	24,375
Prepayments, deposits and other receivables	38,357	21,805
Less: provision for impairment loss of prepayments, deposits and other receivables	<u>(629)</u>	<u>(205)</u>
	<u>37,728</u>	<u>21,600</u>
Total	<u>62,916</u>	<u>45,975</u>

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 (2025: 30 to 90) days. Each customer has a maximum credit limit. For new customers, payment in advance or cash on delivery is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2026 HK\$'000	2025 HK\$'000
0–90 days	16,403	14,719
91–180 days	6,685	5,540
181–360 days	1,691	2,884
Over 360 days	<u>409</u>	<u>1,232</u>
	<u>25,188</u>	<u>24,375</u>

The movement in provision for impairment of trade receivables is as follows:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Balance at beginning of year	1,188	8,884
Impairment loss recognised	4,443	498
Eliminated on deregistration of a subsidiary	—	(8,194)
	<u>5,631</u>	<u>1,188</u>
Balance at end of year	<u>5,631</u>	<u>1,188</u>

Impaired trade receivables were mainly due from customers with long outstanding balances and the management of the Group considered the recoverability is remote as the related customers were in financial difficulties or have prolonged delay in repayment. The Group did not hold any material collateral over those balances.

The movement in provision for impairment of prepayments, deposits and other receivables is as follows:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Balance at beginning of year	205	—
Impairment loss recognised	424	205
	<u>629</u>	<u>205</u>
Balance at end of year	<u>629</u>	<u>205</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	1-90 days past due	91-180 days past due	181-360 days past due	Over 360 days past due	Total
At 30 June 2026						
Weighted average expected loss rate	0%	2%	0%	67%	100%	
Receivable amount (<i>HK\$'000</i>)	16,403	6,801	925	3,519	3,171	30,819
Loss allowance (<i>HK\$'000</i>)	—	(116)	—	(2,344)	(3,171)	(5,631)
	<u>—</u>	<u>(116)</u>	<u>—</u>	<u>(2,344)</u>	<u>(3,171)</u>	<u>(5,631)</u>
At 30 June 2025						
Weighted average expected loss rate	0%	0%	0%	10%	69%	
Receivable amount (<i>HK\$'000</i>)	14,719	5,540	1,168	2,806	1,330	25,563
Loss allowance (<i>HK\$'000</i>)	—	—	—	(268)	(920)	(1,188)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>(268)</u>	<u>(920)</u>	<u>(1,188)</u>

Receivables that were past due but not impaired relate to a number of independent customers who have no recent history of default and have kept good track records with the Group. The Group does not hold any collateral over these balances. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there are no significant change in their respective credit quality and the balances are still considered fully recoverable.

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Equity securities listed in Hong Kong, at fair value	<u>2,908</u>	<u>140</u>

The fair value of the listed equity securities was determined based on the quoted market bid prices of the corresponding listed equity securities.

15. TRADE AND OTHER PAYABLES

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Trade payables	13,646	7,080
Other payables and accruals	22,498	23,659
Receipt of deposits for disposal of assets classified as held for sale	<u>—</u>	<u>11,800</u>
	<u>36,144</u>	<u>42,539</u>

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
0–90 days	11,506	5,446
91–180 days	294	158
181–360 days	—	84
Over 360 days	<u>1,846</u>	<u>1,392</u>
	<u>13,646</u>	<u>7,080</u>

16. SHARE CAPITAL

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Authorised:		
3,000,000,000 ordinary shares of HK\$0.1 each	<u>300,000</u>	<u>300,000</u>
Issued and fully paid:		
562,869,147 ordinary shares of HK\$0.1 each (2025: 488,769,147 ordinary shares of HK\$0.1 each)	<u>56,287</u>	<u>48,877</u>

A summary of the movements in the issued share capital of the Company is as follows:

	Number of shares issued	Amount <i>HK\$'000</i>
At 1 July 2024, 30 June 2025 and 1 July 2025	488,769,147	48,877
Issue of shares on placement (<i>note (a)</i>)	<u>74,100,000</u>	<u>7,410</u>
At 30 June 2026	<u>562,869,147</u>	<u>56,287</u>

Note:

- (a) In November 2025, the Company entered into a placing agreement and a supplement agreement with a placing agent in respect of the placement of total 74,100,000 ordinary shares of HK\$0.1 each to independent investors at a price of HK\$0.468 per share. The placement was completed on 2 December 2025 and the premium on the issue of shares, amounting to approximately HK\$26,649,000, net of share issue expenses of HK\$620,000, was credited to the Company's share premium account.

BUSINESS AND OPERATION REVIEW

The Group is currently engaged in metal recycle business, motor and motor accessories business, car parking spaces rental, money lending business and securities trading and investment business. The Group also maintains the green businesses of research, development and application of technologies and solutions, manufacture, sale and trading of products, materials, systems and services for green market segments including the environmental markets, agricultural markets, organic markets and green technology markets in the People's Republic of China (the "PRC") and overseas. The Group has its own information technology ("IT") business in cloud infrastructure, custom software, and AI-powered education platforms for businesses and educational institutions and has also a hotel leasing business in Nepal. The Group has resumed its metal recycled business with focus on rare earth materials, especially permanent magnet. The Group has been continuing to explore new business opportunities for corporate development and dedicates to develop sustainable current business.

Investment Properties

The Group holds two investment properties located at PRC and Hong Kong respectively.

In PRC

The Company holds 80% interest of an investment property in PRC which are industrial developments with land lot numbers of 1914130300339 and 1914130300340, located at Longchuanzhou, Renzhou Village, Shatian, Dongguan City, Guangdong Province. The industrial developments comprise two parcels of land with a site area of about 68,276.56 sq.m. (or about 734,928.89 sq.ft.) and various buildings and ancillary structures erected thereon. The property has a total gross floor area of approximately 2,598.80 sq.m. (or about 27,973.48 sq.ft.). The land use rights of the property have been granted for separate terms expiring on 15 February 2044 and on 10 May 2044 respectively for industrial use.

An area of approximately 4,059 sq.m., representing approximately 5.61% of the area of our industrial development was resumed by the Dongguan City government authority due to a new town zoning plan. A compensation of approximately RMB4.3 million was paid and received by the Group during the year.

As a result of the breach of the purchaser to complete the purchase of the entire equity interest of the subsidiary which holds 80% interest of the PRC investment property pursuant to a series of agreements, during the year the Company forfeited deposits in an aggregated amount of HK\$11.8 million as agreed liquidated damages. For details, please refer to announcements dated 31 March 2023, 2 May 2023, 5 December 2023, 9 December 2024, 23 December 2024, 3 January 2025 and 11 August 2025, and the second to fifth paragraphs under “Investment Properties” of the “Management Discussion and Analysis” of the 2025–26 Interim Report.

In Hong Kong

The Group holds 100% interest of a Hong Kong investment property which comprises 95 car parking spaces at Inland Lot No. 1301 where 72 car parking spaces are located at 2nd Floor to 4th Floor of Harbour View Garden and 23 car parking spaces are located at 3rd Floor, Tower III, Harbour View Garden, No. 2 Catchick Street, Hong Kong.

The car parking spaces are held under Government Lease for a term of 999 years commencing on 24 June 1892 and are leased out for parking fee income.

The car parking spaces continued to provide a stable revenue and cash flow to the Group. For the year ended 30 June 2026, rental income recorded at approximately HK\$3,827,000 (2025: approximately HK\$3,528,000).

Biological Assets

By way of a forestry management and undertaking agreement which had been supplemented by subsequent supplemental agreements, transfer agreements and confirmation letter (“Undertaking Agreement”), the Group through its wholly-owned subsidiary still maintained timber cutting right of trees over a plantation land of approximately 30,000 mu (Chinese Mu) in Shihezi City, Xinjiang (the “Plantation Land”) for a period of 30 years commencing on 1 July 2008.

Recently, the Company engaged Jingtian & Gongcheng Law Firm (“Jingtian”) which is a highly reputable law firm in PRC and produced a comprehensive legal due diligence report on our forestry right project with The 142nd Regiment of the Eight Division of Xinjiang Production and Construction Corp (“142 Regiment”). To complete the legal due diligence, the legal team which composed of a partner and a senior consultant who has vast experience in forestry matters conducted a field trip to Shihezi and visited the Shihezi Forestry and Grassland Planning Bureau, the Shihezi Real Estate Registration Bureau, and 142 Regiment and conducted an on-site inspection of the forestry base. Separate meetings, interviews and discussions were done with the Party Secretary and Political Commissar of the 142 Regiment, the 142 Regiment Commander and Shihezi Government Representative and Director of the Real Estate Registration Centre. The legal team also reviewed over 30 documents. Jingtian concluded that the Undertaking

Agreement is legally validly subsisting. The 142 Regiment Commander confirmed at the meeting that the Undertaking Agreement and all related accords should remain in full force and effective and not be rescinded. Jingtian also concluded that under the Undertaking Agreement, the Group possesses multiple powers that all fall within the statutory right to use forest trees. Hence, these rights in and control of operation at the Plantation Land are of potential to produce economic benefit and are asset of the Group of which its fair value should be measured.

The Company engaged CNBM Geological Engineering Exploration Academy Co. Ltd. (“CNBM”), who is an independent professional forestry surveying with relevant experience and expertise in relation to forestry surveying to conduct an independent professional forestry surveying over the standing timbers on plantation land. Based on their independent physical forestry surveying works, CNBM’s 林地樹林資源2026年度調查報告 reported on certain physical attributes of the standing timbers on plantation land as described below, that provides basis and inputs in determining the fair value of the biological assets.

Hence, these rights in and control of operation at the Plantation Land are of potential to produce economic benefit and the amount is an asset to the Group of which we are obligated to measure its fair value under the Hong Kong Accounting Standard 41 Agriculture at the end of each reporting period.

In the process of valuing the biological assets planted at the Plantation Land, Colliers Appraisal and Advisory Services Co., Ltd. (“Colliers”) adopted the Market-Based Approach to estimate the fair value of the biological assets. Discussion of the valuation process and results had been made between the management of the Company and Colliers in respect of the valuation as at end of the reporting date. The fair value of the biological assets was computed using the formula:

The fair value of biological assets = (total volume of standing timbers x recovery rate) x market price of timber – cutting cost + scrap sale income.

According to 林地樹林資源2026年度調查報告 prepared by CNBM, stratified random samplings have been applied in order to estimate the total volume of standing timbers on the Plantation Land based on the “Dual stumpage volume table for plain area artificial poplar forests of Xinjiang (新疆平原楊樹人工林二元立木材積表) DB65/T2283–2005”. During each sampling process, whole plantation land of 30,000 mu was divided into 3,824 sampling areas and 524 sampling areas were selected. CNBM confirms that this sampling selection approach and steps represent the fair and unbiased approach to survey the conditions and volume of the standing timbers for the entire plantation land.

CNBM also confirms that the above surveying methodology is the most reasonable, fair and objective methodology and approach to estimate the total volume of the standing timbers.

The following inputs have been adopted in this valuation based on the opinions as stated in 林地樹林資源2026年度調查報告 prepared by CNBM:

- Total volume of standing timbers = 459,906 m³
- Recovery rate = 80%
- Cutting cost = 6% of revenue
- Scrap sale income = 3.5% of revenue

Besides, we have also:

- assessed the valuation techniques;
- verified all major inputs to the independent valuation reports;
- held discussions with the independent valuer on the valuation basis, processes and results; and
- held discussions with the relevant personnel who are responsible to the standing timbers on Plantation Land, if appropriate.

The management of the Company has also participated in the discussions with the relevant personnel who are responsible to the standing timbers on plantation land.

Colliers confirms that the above valuation is the most appropriate and objective methodology and approach to ascertain the total volume of standing timbers on the entire area of the Plantation Land without any significant bias.

The above valuation methodology and approach is consistent with the Company adopted in prior years.

With reference to the total volume of standing timbers estimated by CNBM and also observable market price of timber of similar pieces in the PRC which was based on the independent market research conducted by Colliers, the adopted market price was RMB460 per cubic meter and thus, Colliers determined the fair value of the Group's biological assets of RMB165,014,000 as at 30 June 2026. To determine how the different values of an independent variable would impact a particular dependent variable under a given set of assumptions, Colliers carried out sensitivity analysis on the fair value of the biological assets in respect of the recovery rate and adopted market price. The results of the sensitivity analysis are as follows:

Absolute Change in Recovery Rate	Applied Recovery Rate	Fair Value of the Biological Asset (RMB)
+10%	90%	185,641,000
+5%	85%	175,328,000
+0%	80%	165,014,000
-5%	75%	154,701,000
-10%	70%	144,387,000

% change in Adopted Market Price	Applied Market Price (RMB/m³)	Fair Value of the Biological Asset (RMB)
+10%	506	181,516,000
+5%	483	173,265,000
+0%	460	165,014,000
-5%	437	156,763,000
-10%	414	148,513,000

Fair value of the biological assets is mainly affected by the total volume of standing timbers and market price of the poplar tree timbers. Despite the natural growth of the poplar trees, total volume of standing timbers decreased 555 cubic metres from 460,461 cubic metres of last financial year end to 459,906 cubic metres at this financial year end, representing a decrease of 0.12%. Reason for the volume decrease is the Plantation Land continued to face issues including water shortages, soil degradation and ecosystem deterioration. In addition, market price of poplar tree timber fell from RMB481 per cubic meter of last financial year end to RMB460 at this financial year end, representing a decrease of 4.4%. The fair value is also affected by the appreciation of Renminbi value against Hong Kong dollars. For cost control reason, the Group has not appointed Plantation Land maintenance operator since July 2018 and yet to devise appropriate valued and economically viable plan to optimise the use of the biological assets. The Group recorded an increase to approximately HK\$190,376,000 (2025: approximately HK\$189,080,000) in the fair value of the biological assets. The increase is mainly attributable to the appreciation of the Renminbi.

The actual fair value of poplar tree of biological assets in RMB as at 30 June 2026 amounted to approximately RMB165,014,000 (2025: approximately RMB172,756,000). The Group considers that such fair value change is non-cash in nature and will not have effect on the cash flow and business operation of the Group.

During the financial year ended 30 June 2026, the Group recognised aggregate net gains arising from the major non-current assets of approximately HK\$9,368,000 (2025: net losses approximately HK\$25,592,000). This represents the combined effect of the amortisation of intangible assets, the loss arising from changes in fair value less costs to sell of biological assets and fair value gain on investment properties (2025: loss).

Operating Rights

The operating rights relate to the favorable aspect of the right to use and operate the plantation land of a subsidiary of the Company. The subsidiary was acquired in the year ended 30 June 2009.

Jingtian concluded that the duration of 30 years with effect from 1 July 2008 granted under the Undertaking Agreement remains intact. Since the Group's rights under the Undertaking Agreements are able to produce potential economic benefits and control of operation rights relative to the Plantation Land, the amount shall be classified as intangible assets of the Company which is amortised using straight-line method over the remaining lease term and the remaining useful life is 12 years (2025: 13).

With reference to the valuation conducted by AP Appraisal Limited, an independent professional valuer, the recoverable amount of the Group's operating rights is higher than its carrying amount and no impairment has been recognized during the year ended 30 June 2026. The recoverable amount has been determined on the basis of the value in use by using income approach and adopting the cost-saving method (level 3 fair value measurements). Cost savings method is one of the common valuation methods outlined in the IVS. The proposition that costs savings can be properly accounted for as income is supported by the following papers published by the International Valuation Standards Committee. Both (i) IVS 105: Valuation Approaches and Methods at Section 40.1; and (ii) IVS 210: Intangible Assets at Section 60.1 and Section 60.22. set out the details of the cost savings method. The saving of concession fee is the difference between market concession fee under the current conditions and situation of the woodland and the agreed concession fee of the Company, i.e. the favourable aspect of the right to use and operate the plantation land. This valuation based on cost saving is adopted since the initial date of acquisition of the Ample Rich Group till to the year ended 30 June 2026.

The discount rate used was 16.0% (2025: 15.6%).

The above valuation methodology and approach is consistent with the Company adopted in prior years.

The sensitivity analysis of the fair value of Intangible Assets on 30 June 2026 is as follows:

Sensitivity analysis			Market Concession Fee (RMB/Mu/Year)				
			340	330	320	310	300
Discount rate	1.0%	17.0%	54,900,000	53,300,000	51,600,000	50,000,000	48,400,000
	0.5%	16.5%	55,900,000	54,200,000	52,600,000	50,900,000	49,300,000
	0.0%	16.0%	56,900,000	55,300,000	53,600,000	51,900,000	50,200,000
	-0.5%	15.5%	58,000,000	56,300,000	54,600,000	52,900,000	51,200,000
	-1.0%	15.0%	59,100,000	57,400,000	55,600,000	53,900,000	52,200,000

Plantation Sales Business

Source of the plantation sales business is the poplar trees at the Plantation Land. There was no timber cutting activity and, hence, for the year ended 30 June 2026, there was no revenue generated from the plantation sales business (2025: Nil).

The Group continues to work prudently to find the best possible use of the biological assets and will cautiously evaluate the actual economic return alongside with comprehensive analysis of all risks and uncertain factors before making any investment decision.

Metal (Rare Earth Materials) Recycle and Processing Business

For the year ended 30 June 2026, the Group recorded a substantial increase in revenue from metal recycle business with a total of approximately HK\$94,196,000 (2025: HK\$2,831,000).

Motor and Motor Accessories Business

For the year ended 30 June 2026, revenue from motor and motor accessories business decreased to approximately HK\$44,182,000 (2025: approximately HK\$48,769,000). On the sale of car segment, the sale of used car and motorcycle was approximately HK\$2,800,000 (2025: approximately HK\$3,967,000) representing a decrease approximately 29.4% to this year end.

On the sale of motor accessories, the tyres business recorded an increase of sales from last year's approximately HK\$38,143,000 to this year end of approximately HK\$39,877,000, representing an increase of approximately 4.5% in Hong Kong and Taiwan market. However, the PRC market recorded a negative turnover from last year's approximately HK\$6,349,000 to this year end of approximately HK\$1,449,000.

Under the continuous impact of geopolitical conditions, coupled with the outbreak of the US-Israel-Iran war in late February 2026, petroleum and its chemical by-products have all been affected to varying degrees. It is impossible to predict when maritime shipping in the Middle East region will return to normal, and various shipping companies have once again adjusted their route schedules and ports of call in response to the geopolitical risks, resulting in insufficient production output by original manufacturers due to raw material shortages, all of which has affected our tyres business.

In addition, affected by the ongoing economic downturn, the spending power of the public remained at a relatively low level in PRC and Hong Kong, and it has become the norm for local residents to travel north for consumption during holidays or festivals. Our customers were also affected to varying degrees, with their business turnover generally remaining sluggish. Furthermore, government departments continued to maintain high-intensity and high-efficiency enforcement against traffic offences, which further dampened the willingness of ordinary drivers to use vehicles. New motorcycle licence registrations decreased by 10% compared with last year, indirectly resulting in a decline in demand.

Unless there are material changes in the current environment, the outlook for the results for the coming year is expected to be flat.

IT Business

The IT Business is on a starting pace and revenue from IT Business was approximately HK\$545,000 (2025: approximately HK\$268,000) for the year ended 30 June 2026.

Money Lending Business

The Company operated money lending business through a wholly-owned subsidiary of the Group, which held a money lender's license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group adopted money lending policies and procedures for handling and/or monitoring the money lending business in compliance with the Money Lenders Ordinance.

As disclosed in the interim report of the Company for the six months ended 31 December 2025, in view of the increasing credit risk, minimal returns and the need to better allocate its internal resources, the Group decided not to renew its money lender's licence and to devote more resources to its existing Motor and Motor Accessories Business and Metal Recycle Business. The Group's money lender's licence expired on 19 December 2025. Following the expiry of the licence, the Group ceased granting new loans. The outstanding loans granted before the expiry of the licence are being settled in accordance with their original contractual terms.

During the year, the Group recorded loan interest income of approximately HK\$346,000 (2025: approximately HK\$368,000) from loans granted to both corporate and individual clients. The outstanding principal amount of loan receivables net of provision of impairment loss as at 30 June 2026 was approximately HK\$5,254,000 (2025: approximately HK\$5,315,000). During the year, no provision for impairment loss of loan receivables was made (2025: no provision) was considered necessary in the application of HKFRS 9 by the Group.

Securities Trading and Investment Business

The Group maintained a very cautious approach and had made one additional investment during the year. Performance of the prices of the invested stocks were partially up and partially down. As at 30 June 2026, size of the securities investment portfolio amounted to approximately HK\$2,908,000 (2025: approximately HK\$140,000).

For the year ended 30 June 2026, the Group recorded a net gain on fair value changes in investments at fair value through profit or loss of the invested stocks of approximately HK\$274,000 (2025: approximately HK\$5,672,000).

Details of the Group's investments at fair value through profit or loss of the invested stocks are set out in the sub-section headed "Significant Investments".

Green Technology

There was no revenue on the green technology for the year (2025: Nil).

Hotel Leasing Business

The Group owns a hotel located at Thamel district, Kathmandu, Nepal, which started operation in July 2022. The hotel has around 40 guest rooms with food and beverage outlets on the ground floor and first floor. For the year ended 30 June 2026, the revenue from the hotel leasing business amounted to approximately HK\$4,823,000 (2025: approximately HK\$4,924,000).

PROSPECTS

In this prospects, we shall start with address to the Hong Kong and China economy generally and return to the Group's position and plannings.

Hong Kong's economic prospects for 2026 reflects a strong and structural shift, with real GDP projected to grow between 2.5% and 3.5% following a robust performance in 2025 and early 2026. Driven by global demand for artificial intelligence-related hardware, electrical machinery, and advanced tech components, merchandise exports have surged. Driven by high-performance computing and tech infrastructure listings, Hong Kong is tracking to become the world's second largest IPO market. Deepened trade ties with mainland China and ASEAN, alongside ambitions to join the Regional

Comprehensive Economic Partnership (RCEP), reinforce its position as a global offshore RMB and wealth management hub. Internally, poised to become a major growth engine over the next two decades, the Northern Metropolis along the northern border aims to integrate tech innovation with Shenzhen and the Pearl River Delta will provide hundreds of thousands of jobs. Surveys show over 80% of young professionals and skilled migrants remain optimistic about the city's long term future, attracted by low taxes, safety and dynamic career opportunities in finance and tech. However, the retail market is deeply affected by the continuous wave of local residents travelling north to Shenzhen for weekend entertainment and daily shopping.

China economic outlook for 2026 and 2027 is defined by a distinct “K-shaped” divergence, where explosive global tech demand and high-tech manufacturing are buffering a prolonged domestic property correction and cautious consumer spending. Major international bodies project China's real GDP growth to settle around 4.4% to 4.5% in 2026, operating smoothly within Beijing's target boundaries. Geopolitical stability between the United States and China remains a critical concern. High-stakes diplomacy has intractable temporary window of market stability with a two-month trade truce extension being recently formulated while opening historic and direct communication hotlines focused on A.I. safety incident mitigation.

For the Group, evidently the metal (rare earth materials) recycle and processing business shall be further developed and planned.

Rare earth drive motors use permanent magnets containing rare earth elements like neodymium to power electric vehicles and machinery. According to public industry data, the global market size of rare earth drive motors is expected to exceed US\$35 billion in 2025. The market share of permanent magnet synchronous motors in new energy vehicle drive motor market exceed 90%, with each new energy vehicle requiring approximately 3.2 kg of rare earth magnetic steel, and for high-end multi-motor models it can even reach 5.5 kg. Scrap electric motor recycling market has huge potential. It is projected that by 2030 the number of scrapped new energy 4-wheeled vehicles in PRC will reach approximately 2.38 million units, with global number exceed 6 million units. Each rare earth drive motor contains 2 kg to 3.5 kg of NdFeB of which rare earth elements account for approximately 29% to 32.5%. If we add the number of two-wheeled electric vehicles, such as electric motorcycles and electric bicycles, the number is even more substantial. Rare earth recoverable resources in these urban mines can reach ten or even hundreds of times that of natural ores, and without the need to undergo high-cost mining of primary ores, mineral processing, smelting and separation. It involves reduced processing steps and energy-efficient. Also, it is ecological and environmental friendly, aligning with the national dual-carbon strategy and the direction of high-quality resources recycling. The industry has high visibility for long-term growth. The Group considers that Sichuan YLS Renewable Resources Limited (四川源萊順再生資源有限公司) (“YLS”), armed with leading technological moats and industry competitiveness, can accurately capture the evolutionary trend of the rare earth motor recycle industry, transitioning from scale-based prefabrication toward smart, customised, and green upgrades.

As announced, during the period the Group entered into a memorandum of understanding with Sichuan Yuanlaishun Rare Earth New Materials Company Limited (四川源萊順稀土新材料有限公司) and the Anting Town Government of Shanghai, pursuant which the three parties will leverage their respective strengths in the development project. The parties are discussing and planning the development project which, at its preliminary plan, encompasses dismantling and recycling of scrap rare earth motors and restoration of permanent magnetic steel, customisation of rare earth motors for new energy vehicles and intelligent manufacturing of high-speed motors, as well as the establishment of a marketing centre for rare earth materials and a technology innovation centre for rare earth motors.

As for further expansion of the industry in PRC, the Group will continue to identify and, if appropriate, acquire enterprises that possess high-quality national patented technologies, optimised production lines, well-developed supply chain, able to deliver stable cash flow returns and are related to rare earth resources recycling or processing, striving to expand the recycling of multiple varieties of rare earth resources and enlarge the overall scale of its resource recycling business.

The Group also studies possible international deployment of its rare earth motors dismantling and recycling production lines. In particular the Middle East, in wake of regional conflicts, has large volume of scrap electric motors that can be recycled through the Group's expertise and patented technologies, presenting considerable recycling demand and providing potential market opportunities for the Group's technology export and business expansion.

In order to strengthen the capital investment ability for the industry expansion, the Group plans to leveraging diversified financial tools to bring in local, PRC and international strategic capital. To accomplish this goal, the Group shall at appropriate time conduct investor roadshows.

Despite all favourable circumstances described, the Group will prudently assess the business environment and geopolitical risks associated in relevant markets aiming at seizing development opportunities in a timely manner for creating greater value for shareholders.

FINANCIAL REVIEW

For the year ended 30 June 2026, revenue of the Group increased by 143.5% to approximately HK\$147,919,000 (2025: approximately HK\$60,749,000) and gross profit of the Group increased by 76.3% to approximately HK\$23,366,000 (2025: approximately HK\$13,252,000). Loss for the year ended 30 June 2026 decreased to approximately HK\$6,752,000 as compared to loss of approximately HK\$42,940,000 of last corresponding year. The increase in both revenue and gross profit was mainly due to the increase from the metal recycled business. The loss for the year was mainly due to administrative and operating expenses, loss arising from changes in fair value less costs to sell of biological assets, provision for impairment loss of receivables, provision for impairment loss on refundable secured deposit and finance cost. The Group considers that the change in fair value is non-cash in nature and will not have material adverse effect on the financial position of the Group.

For the year ended 30 June 2026, basic and diluted loss per share were approximately HK2 cents (2025: approximately HK8 cents). Loss arising from changes in fair value less costs to sell of biological assets was approximately HK\$8,649,000 (2025: approximately HK\$5,373,000). Fair value gain on investment properties was approximately HK\$22,713,000 (2025: loss approximately HK\$15,680,000).

For the year ended 30 June 2026, the finance costs were approximately HK\$5,372,000 (2025: approximately HK\$5,989,000). Administrative expenses from operations for the year ended 30 June 2026 decreased to approximately HK\$32,222,000 (2025: approximately HK\$35,725,000). It included major items such as amortisation of intangible assets of approximately HK\$4,696,000, administrative staff costs (including directors' emoluments) of approximately HK\$12,125,000, legal and professional fee of approximately HK\$3,505,000 and expenses related to short-term leases of approximately HK\$883,000. Income tax credit was recorded at approximately HK\$81,000 (2025: approximately HK\$2,341,000). Exchange gain on translating foreign operations was recorded at approximately HK\$15,033,000 (2025: approximately HK\$4,503,000).

Liquidity and Financial Resources

As at 30 June 2026, the total assets of the Group were approximately HK\$652,449,000 (2025: approximately HK\$607,732,000), including cash and bank balances of approximately HK\$3,468,000 (2025: approximately HK\$1,920,000).

The Group's total borrowings as at 30 June 2026 were approximately HK\$66,549,000 (2025: approximately HK\$68,099,000). The Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was approximately 15.7% as at 30 June 2026 (2025: approximately 17.9%).

As at 30 June 2026, the Group's net assets amounted to approximately HK\$424,445,000 (2025: approximately HK\$380,585,000).

The directors of the Company are of the view that the Group has sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future.

Significant Investments

As at 30 June 2026, the Group held investments at fair value through profit or loss of the invested stocks of approximately HK\$2,908,000. Details of the significant investments are as follows:

Stock Name	Note	Stock Code	Place of incorporation	Net unrealized gains on listed securities HK\$'000	Market value HK\$'000	Approximate percentage of investments at fair value through profit or loss %	Approximate percentage to the net assets of the Group %
Wai Chun Group Holdings Ltd.	1	1013	Bermuda	113	253	8.7	0.06
Champion Technology Holdings Limited	2	92	Bermuda	161	2,655	91.3	0.63
				<u>274</u>	<u>2,908</u>	<u>100.0</u>	<u>0.69</u>

Notes:

1. Wai Chun Group Holdings Ltd. is an investment holding company principally engaged in the trading of chemicals. The company operates its business through two segments. The General Trading segment is engaged in the trading of chemicals. The Sales and Integrated Services segment is engaged in the sales and provision of integrated services for computer and communication systems. The segment is also engaged in the design and manufacture of information system software. No dividend was received for the year ended 30 June 2026. According to its latest published financial statements, it had net liabilities of approximately HK\$231,165,000 as at 31 March 2026.
2. Champion Technology Holdings Limited is an investment holding company mainly engaged in the renewable energy business. The company operates through four segments. The Renewable Energy segment is mainly engaged in the design and sales of renewable energy products and solutions. The Smart City Solution Business segment is mainly engaged in the sale of business solution including software and hardware for construction site and related businesses. The Sales of Cultural Products segment is mainly engaged in the trading of cultural products. The Strategic Investments segment is mainly engaged in the financial assets at fair value through profit or loss. No dividend was received for the year ended 30 June 2026. According to its latest published financial statements, it had net assets of approximately HK\$77,839,000 as at 31 December 2025.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events affecting the Group which occurred after the reporting period and up to the date of this announcement.

CAPITAL RAISING AND EXPENDITURE

Placing of New Shares under General Mandate

On 4 November 2025 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 64,100,000 Placing Shares at the Placing Price of HK\$0.468 per Placing Share to not less than six Placees who are professional, institutional, or other investors that are Independent Third Parties. The Placing Shares will be allotted and issued pursuant to the General Mandate.

On 7 November 2025 (after trading hours), the Company and the Placing Agent entered into a supplemental agreement to the Placing Agreement (the “Supplemental Agreement”), pursuant to which the maximum number of new Shares to be placed under the Placing Agreement has been increased from 64,100,000 Shares to 74,100,000 Shares (the “Revised Placing Shares”).

The Placing completed on 2 December 2025 in accordance with the terms and conditions of the Placing Agreement. A total of 74,100,000 Revised Placing Shares have been successfully placed by the Placing Agent to not less than six (6) Placees at the Placing Price of HK\$0.468 per Placing Share pursuant to the Placing Agreement.

The Revised Placing Shares were allotted and issued under the general mandate granted to the Directors pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 3 December 2024.

The net issue price per Revised Placing Share after deducting all related costs, fees, expenses and commission was approximately HK\$0.459 and the net proceeds from the Placing received by the Company were approximately HK\$34.06 million.

The aggregate nominal value of the Revised Placing Share under the Placing was HK\$7,410,000 based on par value of HK\$0.1 per Share.

The closing price was HK\$0.480 and HK\$0.485 per Share as quoted on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 4 November 2025 and 7 November 2025 respectively, being the date of the placing agreement and supplemental placing agreement.

Through the Placing, the Company intended to reduce the interest burden amidst the high-interest rate cycle by repayment of interest-bearing debts so as to alleviate the financial pressure and improve the financial performance of the Group. The Board considered that the Placing represents a good opportunity to raise immediate additional funds to strengthen the financial position of the Group, finance its working capital needs and financial obligations.

Details of the Placing are set out in the Company's announcements dated 4 November 2025, 7 November 2025, 18 November 2025, 19 November 2025 and 2 December 2025.

USE OF PROCEEDS

The gross proceeds and the actual net proceeds raised from the Placing amounted to approximately HK\$34.68 million and HK\$34.06 million respectively. As at 30 June 2026, the net proceeds have been utilized as follows:

	Intended use of net proceeds	Net proceeds utilized during the year ended 30 June 2026	Unutilized net proceeds as at 30 June 2026
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Repayment of loans	12.00	12.00	—
Development of existing recycle and motorcycle accessories business	10.00	10.00	—
Settlement of outstanding trade and other payables	5.00	5.00	—
General working capital	7.06	7.06	—
	<u>34.06</u>	<u>34.06</u>	<u>—</u>

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2026, the Group had 38 (2025: 31) employees. The Group implements remuneration policy and bonus to ensure that pay scales of its employees are rewarded on a performance related basis within the general framework of the Group's remuneration.

CHARGES ON THE GROUP ASSETS

As at 30 June 2026, the bank loans of approximately HK\$60,301,000 were secured by (i) the car parking spaces with aggregate carrying amount of approximately HK\$160,000,000; (ii) a deed of assignment of rental income from the car parking spaces and (iii) personal guarantee from a director of the Company.

DIVIDEND

The directors of the Company resolved not to recommend or declare the payment of any dividend in respect of the year ended 30 June 2026 (2025: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting will be held on Friday, 11 December 2026. For the purpose of determining the entitlement of the shareholders of the Company to attend and vote at the annual general meeting, the record date is fixed at 8 December 2026 and the register of members of the Company will be closed from 8 December 2026 to 11 December 2026 (both days inclusive), during which period no transfer of share(s) will be effected. In order to be eligible to attend and vote at the annual general meeting, all transfers documents, accompanied by the relevant share certificates, must be lodged with Union Registrars Limited, the branch share registrar and transfer office of the Company in Hong Kong, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on 7 December 2026.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group conducted most of its business in Great British Pound, Renminbi, United States Dollar and Hong Kong Dollars for the year ended 30 June 2026. The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC denominated in RMB. As at 30 June 2026, the Group had a minimal exposure to foreign currency risk as most of its business transactions were principally denominated in the respective functional currencies used by the respective group entities.

The Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

CAPITAL COMMITMENT

As at 30 June 2026, the Group had no significant capital commitment.

CONTINGENT LIABILITIES

As at 30 June 2026, the directors of the Company are not aware of any material contingent liabilities (2025: Nil).

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (“the Listing Rules”) for the year ended 30 June 2026, except the followings:

Code provision C.2.1 of the CG Code provides that the roles of chairman of the board and chief executive should be separate and should not be performed by the same individual. This code provision also stipulates, inter alia, the role and responsibility of the chairman of the board and the chief executive.

Mr. Yeung Chi Hang was appointed as chairman of the Board and the chief executive officer of the Company on 27 January 2015. Thereafter, Mr. Yeung Chi Hang has assumed both roles. The directors were of the view that the vesting of the roles of chairman of the Board and chief executive officer in the same person can provide the Group with strong and consistent leadership and allow for more effective planning and execution of long-term business strategies, as well as ensuring effective oversight of management. The directors were also of the view that the present structure was considered to be appropriate under the circumstances of the Company. The Board would keep review of its current board structure from time to time.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Listing Rules as the Company’s Code of Conduct regarding director’s securities transactions.

Having made specific enquiry, all directors of the Company confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 30 June 2026.

AUDIT COMMITTEE

The Board has established an audit committee (the “Audit Committee”) with the term of references in accordance with the Listing Rules. The Audit Committee currently comprises three independent non-executive directors, namely, Mr. Lee Chi Ho (Chairman), Mr. Heung Chee Hang, Eric and Ms. Lai Pik Chi, Peggy. Mr. Lee Chi Ho has appropriate accounting and related financial management expertise as required under Rule 3.10 of the Listing Rules.

The Audit Committee has reviewed and discussed with the external auditor the auditing and financial reporting matters including the annual consolidated results of the Group for the year ended 30 June 2026.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 30 June 2026, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 30 June 2026 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 30 June 2026. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

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

During the year ended 30 June 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities on the Stock Exchange.

By Order of the Board
China Environmental Resources Group Limited
Yeung Chi Hang
Chairman and Chief Executive Officer

Hong Kong, 30 September 2026

As at the date of this announcement, the Board comprises five executive directors, namely, Mr. Yeung Chi Hang, Mr. Wong Po Keung, Mr. Chung Siu Wah, Mr. Chik To Pan and Mr. Liu Yafei; and three independent non-executive directors namely Mr. Heung Chee Hang, Eric, Mr. Lee Chi Ho and Ms. Lai Pik Chi, Peggy.