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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 2025

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 2025 together with comparative figures for the year ended 30 June 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2025

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	<i>5</i>	60,749	82,817
Cost of sales		<u>(47,497)</u>	<u>(65,093)</u>
Gross profit		13,252	17,724
Other income, gains and losses	<i>7</i>	1,617	1,925
Administrative and operating expenses		(35,725)	(40,907)
Fair value loss on investment properties		(15,680)	(17,294)
Loss arising from changes in fair value less costs to sell of biological assets	<i>13</i>	(5,373)	(38,595)
Net gain on fair value changes in investments at fair value through profit or loss		5,672	1,589
Loss on disposal of subsidiaries		(894)	—
Gain on deregistration of a subsidiary		467	—
Provision for impairment loss of receivables		<u>(2,628)</u>	<u>(319)</u>
Loss from operations		(39,292)	(75,877)
Finance costs	<i>8</i>	<u>(5,989)</u>	<u>(6,801)</u>
Loss before tax		(45,281)	(82,678)
Income tax credit	<i>9</i>	<u>2,341</u>	<u>10,594</u>
Loss for the year	<i>10</i>	<u>(42,940)</u>	<u>(72,084)</u>
Other comprehensive income/(loss) after tax:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>4,503</u>	<u>(1,180)</u>
Other comprehensive income/(loss) for the year, net of tax		<u>4,503</u>	<u>(1,180)</u>
Total comprehensive loss for the year		<u><u>(38,437)</u></u>	<u><u>(73,264)</u></u>

	2025	2024
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to:		
Owners of the Company	(40,305)	(67,660)
Non-controlling interests	(2,635)	(4,424)
	<u>(42,940)</u>	<u>(72,084)</u>
Total comprehensive loss for the year attributable to:		
Owners of the Company	(35,901)	(68,824)
Non-controlling interests	(2,536)	(4,440)
	<u>(38,437)</u>	<u>(73,264)</u>
Loss per share	<i>11</i>	
Basic (HK cents per share)	<u>(8)</u>	<u>(16)</u>
Diluted (HK cents per share)	<u>(8)</u>	<u>(16)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30 June 2025	30 June 2024	1 July 2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(restated)	(restated)
Non-current assets				
Property, plant and equipment		463	772	1,583
Right-of-use assets		3,149	5,132	5,054
Investment properties		225,819	240,498	258,019
Biological assets	<i>13</i>	189,080	190,958	230,481
Intangible assets		62,222	65,606	70,508
Goodwill		1,087	1,087	1,087
Loans receivable		—	161	517
Finance lease receivables		36,661	37,340	36,747
Investments at fair value through profit or loss		—	—	18,908
		518,481	541,554	622,904
Current assets				
Inventories		22,086	29,549	33,445
Trade and other receivables	<i>14</i>	45,975	43,867	37,660
Loans receivable		7,505	7,539	7,318
Finance lease receivables		625	—	—
Investments at fair value through profit or loss	<i>15</i>	140	5,032	725
Refundable secured deposit		11,000	11,000	11,000
Cash and cash equivalents		1,920	22,857	5,640
		89,251	119,844	95,788
Current liabilities				
Trade and other payables	<i>16</i>	42,539	37,972	40,258
Contract liabilities		4,266	4,347	2,637
Lease liabilities		3,068	2,826	1,205
Borrowings		63,163	82,333	74,148
Bank overdrafts		4,936	2,508	—
Current tax liabilities		18	781	642
		117,990	130,767	118,890
Net current liabilities		(28,739)	(10,923)	(23,102)
Total assets less current liabilities		489,742	530,631	599,802

		30 June 2025	30 June 2024	1 July 2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (restated)	<i>HK\$'000</i> (restated)
Non-current liabilities				
Lease liabilities		46,456	47,592	48,359
Deferred tax liabilities		62,701	64,017	75,123
		109,157	111,609	123,482
NET ASSETS		380,585	419,022	476,320
Capital and reserves				
Share capital	17	48,877	48,877	40,731
Reserves		325,166	361,067	422,249
Equity attributable to owners of the Company		374,043	409,944	462,980
Non-controlling interests		6,542	9,078	13,340
TOTAL EQUITY		380,585	419,022	476,320

NOTES

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“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\$40,305,000 and operating cash outflow of approximately HK\$9,619,000 for the year ended 30 June 2025, as of that date, the Group had net current liabilities of approximately HK\$28,739,000 while the Group’s cash and cash equivalent and bank overdrafts balances amounted to approximately HK\$1,920,000 and approximately HK\$4,936,000, respectively, as at 30 June 2025. 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 2025;
- (ii) The Group entered into a banking facility letter with a bank. As at 30 June 2025, the Group had undrawn banking facility of HK\$20,000,000. The Group will negotiate with bank for renewal of the banking facility when it fall due;
- (iii) 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
- (iv) 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 2025, 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 2025.

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. RETROSPECTIVE RESTATEMENT

The assets classified as held for sale and liabilities associated with assets classified as held for sale no longer fulfill the requirement of classifying as held for sales with reference to the announcement dated 11 August 2025. The restatement is to reclassify assets classified as held for sale and liabilities associated with assets classified as held for sales to respective line items of the consolidated financial positions of the Group. The corresponding impact on assets classified as held for sale, liabilities associated with assets classified as held for sale, investment properties, cash and cash equivalents and trade and other payables have been restated with no profit or loss effect accordingly.

The effect of the restatement in the respective line items of the consolidated financial positions of the Group as at 30 June 2024 is as follows:

	As at 30 June 2024 <i>HK\$'000</i> (previously reported)	Restatement <i>HK\$'000</i>	As at 30 June 2024 <i>HK\$'000</i> (restated)
Investment properties	190,000	50,498	240,498
Cash and cash equivalents	22,631	226	22,857
Trade and other payables	(26,931)	(11,041)	(37,972)
Assets classified as held for sale	50,724	(50,724)	—
Liabilities associated with assets classified as held for sale	<u>(11,041)</u>	<u>11,041</u>	<u>—</u>
	<u>225,383</u>	<u>—</u>	<u>225,383</u>

The effect of the restatement in the respective line items of the consolidated financial positions of the Group as at 1 July 2023 is as follows:

	As at 1 July 2023 <i>HK\$'000</i> (previously reported)	Restatement <i>HK\$'000</i>	As at 1 July 2023 <i>HK\$'000</i> (restated)
Investment properties	191,900	66,119	258,019
Cash and cash equivalents	5,531	109	5,640
Trade and other payables	(30,063)	(10,195)	(40,258)
Assets classified as held for sale	66,228	(66,228)	—
Liabilities associated with assets classified as held for sale	(10,195)	10,195	—
	<u>223,401</u>	<u>—</u>	<u>223,401</u>

4. 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 Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 July 2024. 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 application of these new HKFRS Accounting Standards will not have material impact on the financial statements of the Group. 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.

5. REVENUE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trading of recycled metals	2,831	9,822
Trading of motor vehicles and related accessories	48,769	63,726
Trading of computer accessories	268	246
Revenue from contracts with customers	51,868	73,794
Rental income	3,528	3,932
Dividend income	61	—
Loan interest income	368	307
Finance lease interest income	4,924	4,784
Total revenue	<u>60,749</u>	<u>82,817</u>

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

	Trading of recycled metals <i>HK\$'000</i>	Trading of motor vehicles and related accessories <i>HK\$'000</i>	Trading of computer accessories <i>HK\$'000</i>
Geographical markets			
The People's Republic of China (the "PRC")	—	6,349	—
Hong Kong	2,831	41,557	140
Macau	—	9	—
Taiwan	—	43	—
United Kingdom	—	811	—
Vietnam	—	—	128
	<u>2,831</u>	<u>48,769</u>	<u>268</u>

Disaggregation of revenue from contracts with customers for year ended 30 June 2024:

	Trading of recycled metals <i>HK\$'000</i>	Trading of motor vehicles and related accessories <i>HK\$'000</i>	Trading of computer accessories <i>HK\$'000</i>
Geographical markets			
The PRC	—	9,661	—
Hong Kong	9,822	53,786	246
Macau	—	159	—
Taiwan	—	120	—
	<u>9,822</u>	<u>63,726</u>	<u>246</u>

All revenue from contracts with customers are recognised at a point in time during the years ended 30 June 2025 and 2024.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Sales of motor vehicles and related accessories	<u>668</u>	<u>342</u>

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.

6. SEGMENT INFORMATION

The Group has seven reportable segments as follows:

- (i) Trading of recycled metals
- (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

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 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:

	Trading of recycled metals 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	Others HK\$'000	Total HK\$'000
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
Year ended 30 June 2024									
Revenue from external customers	9,822	63,726	3,932	307	—	—	4,784	246	82,817
Segment (loss)/profit comprising:	(1,155)	3,787	(15,009)	(727)	1,046	(43,242)	3,192	61	(52,047)
Loss arising from changes in fair value less costs to sell of biological assets	—	—	—	—	—	(38,595)	—	—	(38,595)
Depreciation and amortisation	(52)	(651)	(1)	(676)	—	(4,588)	—	—	(5,968)
Proceeds from disposal of listed securities	—	—	—	—	1,115	—	—	—	1,115
Costs of disposal of listed securities	—	—	—	—	(1,018)	—	—	—	(1,018)
Net unrealised gain on listed securities	—	—	—	—	955	—	—	—	955
Net gain on fair value changes in investments at fair value through profit or loss	—	537	—	—	—	—	—	—	537
Fair value loss on investment properties	—	—	(17,294)	—	—	—	—	—	(17,294)
Provision for impairment loss of receivables	—	(319)	—	—	—	—	—	—	(319)
At 30 June 2024									
Segment assets	950	84,896	241,233	9,589	5,043	256,511	38,792	—	637,014
Segment liabilities	193	13,388	7,156	1,570	467	1,784	46,986	—	71,544

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue:		
Total revenue of reportable segments	<u>60,749</u>	<u>82,817</u>
Loss:		
Total loss of reportable segments	(17,883)	(52,047)
Other profit or loss:		
Finance costs	(5,989)	(6,801)
Income tax credit	2,341	10,594
Corporate and unallocated items	<u>(21,409)</u>	<u>(23,830)</u>
Consolidated loss for the year	<u>(42,940)</u>	<u>(72,084)</u>
Assets:		
Total assets of reportable segments	586,110	637,014
Goodwill	1,087	1,087
Refundable secured deposit	11,000	11,000
Corporate and unallocated assets	<u>9,535</u>	<u>12,297</u>
Consolidated total assets	<u>607,732</u>	<u>661,398</u>
Liabilities:		
Total liabilities of reportable segments	71,860	71,544
Deferred tax liabilities	62,701	64,017
Borrowings and bank overdrafts	63,163	84,841
Corporate and unallocated liabilities	<u>29,423</u>	<u>21,974</u>
Consolidated total liabilities	<u>227,147</u>	<u>242,376</u>

Geographical information:

	Revenue		Non-current assets	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (restated)
The PRC	6,349	9,661	307,039	307,004
Hong Kong	48,485	68,093	174,781	197,049
Macau	9	159	—	—
Taiwan	43	120	—	—
United Kingdom	811	—	—	—
Nepal	4,924	4,784	—	—
Vietnam	128	—	—	—
	<u>60,749</u>	<u>82,817</u>	<u>481,820</u>	<u>504,053</u>

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

Revenue from major customers:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trading of motor vehicles and related accessories		
Customer A	N/A*	14,872
Customer B	<u>34,512</u>	<u>34,019</u>

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

* Customers did not contribute more than 10% of the total revenue of the Group for the year ended 30 June 2025.

7. OTHER INCOME, GAINS AND LOSSES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Sponsor income	755	1,056
Gain on disposal of property, plant and equipment	1	456
Others	<u>861</u>	<u>413</u>
	<u>1,617</u>	<u>1,925</u>

8. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on bank loans	3,294	4,434
Interest on bank overdrafts	320	204
Interest on other loan	309	13
Lease interests	2,066	2,150
	<u>5,989</u>	<u>6,801</u>

9. INCOME TAX CREDIT

	2025 HK\$'000	2024 HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the year	135	175
Over-provision in prior years	(2)	(3)
	<u>133</u>	<u>172</u>
Current tax — PRC Enterprise		
Income Tax	4	22
Deferred tax	(2,478)	(10,788)
Income tax credit	<u>(2,341)</u>	<u>(10,594)</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% (2024: 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.

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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss before tax	<u>(45,281)</u>	<u>(82,678)</u>
Tax calculated at applicable tax rate of 25% (2024: 25%)	(11,320)	(20,670)
Effect of different tax rates of the subsidiaries	3,207	1,995
Tax effect of expenses that are not deductible	2,542	2,285
Tax effect of income that are not taxable	(846)	(974)
Tax effect of temporary differences not recognised	2,343	4,355
Tax reduction	(203)	(249)
Over-provision in prior years	(2)	(3)
Tax effect of tax losses not recognised	<u>1,938</u>	<u>2,667</u>
Income tax credit	<u><u>(2,341)</u></u>	<u><u>(10,594)</u></u>

10. LOSS FOR THE YEAR

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Amortisation of intangible assets	4,539	4,556
Auditor's remuneration	920	980
Cost of inventories recognised as an expense	47,497	65,093
Depreciation	2,416	2,521
Gain on disposals of property, plant and equipment	(1)	(456)
Expenses related to short-term leases	840	795
Staff costs (including directors' remuneration):		
— salaries, bonuses and allowances	13,786	13,237
— retirement benefit scheme contributions	291	288
	<u><u>14,077</u></u>	<u><u>13,525</u></u>

During the years ended 30 June 2025 and 2024, the Group had no forfeited contribution under defined contribution retirement schemes utilised to reduce the existing levels of contributions. As at 30 June 2025 and 2024, 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.

11. 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\$40,305,000 (2024: HK\$67,660,000) and the weighted average number of ordinary shares of 488,769,147 (2024: 433,348,602) 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 2025 and 2024.

12. DIVIDENDS

The directors do not recommend or declare the payment of any dividend in respect of the years ended 30 June 2025 and 2024.

13. BIOLOGICAL ASSETS

	Standing timbers HK\$'000
At 1 July 2023	230,481
Change in fair value less costs to sell	(38,595)
Exchange differences	(928)
	<hr/>
At 30 June 2024 and 1 July 2024	190,958
Change in fair value less costs to sell	(5,373)
Exchange differences	3,495
	<hr/>
At 30 June 2025	<u>189,080</u>

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 and also supplemented by the Agreement, 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 end of each reporting period under the Hong Kong Accounting Standard 41 Agriculture at end of each reporting period and HKFRS 13 Fair Value Measurement and the Company's accounting policies.

During the years ended 30 June 2025 and 2024, the Group did not harvest or sell any standing timbers.

The fair value of the Group's standing timbers as at 30 June 2025 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 2025 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 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 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.

14. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	25,563	28,874
Less: provision for impairment loss of trade receivables	(1,188)	(8,884)
	<u>24,375</u>	<u>19,990</u>
Prepayments, deposits and other receivables	21,805	23,877
Less: provision for impairment loss of prepayments, deposits and other receivables	(205)	—
	<u>21,600</u>	<u>23,877</u>
Total	<u>45,975</u>	<u>43,867</u>

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 (2024: 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:

	2025 HK\$'000	2024 HK\$'000
0–90 days	14,719	15,534
91–180 days	5,540	3,447
181–360 days	2,884	12
Over 360 days	1,232	997
	<u>24,375</u>	<u>19,990</u>

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

	2025 HK\$'000	2024 HK\$'000
Balance at beginning of year	8,884	8,565
Impairment loss recognised	498	319
Eliminated on deregistration of a subsidiary	(8,194)	—
Balance at end of year	<u>1,188</u>	<u>8,884</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:

	2025 HK\$'000	2024 <i>HK\$'000</i>
Balance at beginning of year	—	—
Impairment loss recognised	<u>205</u>	<u>—</u>
Balance at end of year	<u><u>205</u></u>	<u><u>—</u></u>

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

	Current	1–90 days past due	91–180 days past due	181–360 days past due	Over 360 days past due	Total
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>)	<u>—</u>	<u>—</u>	<u>—</u>	<u>(268)</u>	<u>(920)</u>	<u>(1,188)</u>
At 30 June 2024						
Weighted average expected loss rate	0%	0%	0%	0%	85%	
Receivable amount (<i>HK\$'000</i>)	15,534	3,447	—	12	9,881	28,874
Loss allowance (<i>HK\$'000</i>)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(8,884)</u>	<u>(8,884)</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.

15. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Equity securities listed in Hong Kong, at fair value	<u>140</u>	<u>5,032</u>

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

16. TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (restated)
Trade payables	7,080	6,448
Other payables and accruals	23,659	19,724
Receipt of deposits for disposal of assets classified as held for sale	<u>11,800</u>	<u>11,800</u>
	<u>42,539</u>	<u>37,972</u>

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0–90 days	5,446	4,913
91–180 days	158	1,426
181–360 days	84	—
Over 360 days	<u>1,392</u>	<u>109</u>
	<u>7,080</u>	<u>6,448</u>

17. SHARE CAPITAL

	Number of Shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 (2024: HK\$0.1) each		
At 1 July 2023	15,000,000,000	300,000
Share consolidation	(12,000,000,000)	—
	<u>3,000,000,000</u>	<u>300,000</u>
At 30 June 2024, 1 July 2024 and 30 June 2025		
	<u>3,000,000,000</u>	<u>300,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.1 (2024: HK\$0.1) each		
At 1 July 2023	2,036,538,114	40,731
Issue of shares on placement (<i>note (a)</i>)	407,307,622	8,146
Share consolidation (<i>note (b)</i>)	(1,955,076,589)	—
	<u>488,769,147</u>	<u>48,877</u>
At 30 June 2024, 1 July 2024 and 30 June 2025		
	<u>488,769,147</u>	<u>48,877</u>

Notes:

- (a) On 16 February 2024, the Company entered into a placing agreement with a placing agent in respect of the placement of 407,307,622 ordinary shares of HK\$0.02 each to independent investors at a price of HK\$0.04 per share. The placement was completed on 6 March 2024 and the premium on the issue of shares, amounting to approximately HK\$7,820,000, net of share issue expenses of HK\$326,000, was credited to the Company's share premium account.
- (b) Pursuant to an ordinary resolution passed on 5 April 2024, every 5 ordinary shares of HK\$0.02 each in the issued and unissued share capital of the Company were consolidated into one consolidated ordinary share of HK\$0.1 each in the issued and unissued share capital of the Company effective on 9 April 2024.

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 PRC and overseas. The Group has also a hotel leasing business in Nepal. 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 72,335.99 sq.m (or about 778,624.6 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.

On 8 June 2023, an ordinary resolution was passed at an extraordinary general meeting of shareholders in relation to the disposal of all 80% interest of the investment property in PRC, a deposit of HK\$11,800,000 has been received and the balance of HK\$47,200,000 shall be received upon completion.

On 5 December 2023, the Company, the Purchaser and the Disposal Company have entered into a supplemental agreement to the SPA (the “Supplemental Agreement”), pursuant to which the parties thereto mutually agreed that:

- (i) the Completion Date is extended and shall be a Business Day on or before 9 December 2024; and

- (ii) an aggregate amount of HK\$11,800,000 (the “Deposits”), being the first and second instalments of the Transaction Consideration which had been paid by the Purchaser, or any part thereof shall in no circumstances be refunded or refundable to the Purchaser and the Purchaser irrevocably waives and abandons his rights to claim or recover the Deposits or any part thereof under any provisions of the SPA or the laws.

To allow additional time for the Purchaser to look into the matters in relation to the Resumption Action, on 3 January 2025 (after trading hours), the parties to the SPA have entered into the second supplemental agreement to the SPA (the “Second Supplemental Agreement”), pursuant to which the parties thereto mutually acknowledged and agreed that:

- (i) the Completion Date is extended and shall be a Business Day on or before 11 August 2025;
- (ii) the conditions (a), (b) and (c) precedent under the SPA (as set out in the section headed “Letter from the Board — The SPA — Conditions precedent” in the Circular) have been fulfilled, and shall, for all purposes and intents, be deemed to have been fulfilled upon the signing of the Second Supplemental Agreement up to Completion; and
- (iii) the Vendor has disclosed the updated situation of the Resumption Action and the conditions of the buildings at the Property in the Response Letter and the Purchaser: (a) shall at the Completion accept the state and condition of the Property on an “as it shall be basis”; and (b) absolutely waives, releases and discharges the Vendor from the terms of or its obligations under the SPA, including specifically the warranties therein contained, in relation to the Property, which shall be otherwise enforceable against the Vendor as a result of any action that the Government Authorities had taken or, up to the Completion, may take against the Property, including but not limited to, the Resumption Action or requiring further changes to the state of the buildings at the Property as if such terms or obligations were not contained in the SPA.

On or before 11 August 2025 (the “Completion Date”), as the Purchaser failed to proceed with Completion by 11 August 2025, the solicitors acting on behalf of the Company served a notice of termination to the Purchaser’s solicitors on 11 August 2025 to terminate the SPA (as supplemented and amended by the Supplemental Agreement and the Second Supplemental Agreement, collectively the “Supplemental Agreements”). The Company exercised its right to forfeit the Deposits in an aggregate amount of HK\$11.8 million absolutely as agreed liquidated damages pursuant to the SPA (as supplemented and amended by the Supplemental Agreements).

For details, please refer to relevant announcements.

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 2025, rental income recorded at approximately HK\$3,528,000 (2024: approximately HK\$3,932,000). The Group is considering to explore the viability, costs and return on installation of electric vehicle charging facility at the car parking spaces so as to increase their competitiveness with nearby carparks and increase their utilisation rate.

Biological Assets

By way of a forestry management and undertaking agreement, the Group through its wholly-owned subsidiary acquired timber cutting right 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.

With the consultation of the Company’s PRC’s Legal Adviser, forestry management and undertaking agreements, the directors of the Company consider that the Company has the right, potential to produce economic benefits and control the biological assets, i.e. the standing timbers on the plantation land and such amount is classified as biological assets of the Company which is measured at its fair value under the Hong Kong Accounting Standard 41 Agriculture at end of each reporting period.

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2025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.

The Company engaged Guangdong Feijin Law Firm, who is a qualified PRC legal practitioner to give an opinion as to the Group's rights concerning the biological assets. Guangdong Feijin Law Firm is of the opinion that despite no forestry right certificates, annual timber logging permits, timber processing licences, business licences issued by the State Administration for Industry and Commerce of the PRC to operate timber processing businesses and timber transportation permits are being taken out or granted to the Group for operation at the Plantation Land, the Group's rights under the forestry management and undertaking agreements as to the Plantation Land, use of the timber, logging of timber and their transportation are still being maintained. 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2025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 548 sampling areas were selected. The following inputs have been adopted in this valuation based on the opinions as stated in 林地樹林資源2025年度調查報告 prepared by CNBM:

- Total volume of standing timbers = 460,461 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.

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 RMB481 per cubic meter and thus, Colliers determined the fair value of the Group's biological assets of RMB172,756,000 as at 30 June 2025. 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%	194,350,000
+5%	85%	183,553,000
+0%	80%	172,756,000
−5%	75%	161,959,000
−10%	70%	151,161,000

% change in Adopted Market Price	Adopted Market Price (RMB/m³)	Fair Value of the Biological Asset (RMB)
+10%	529	189,996,000
+5%	505	181,376,000
+0%	481	172,756,000
−5%	457	164,136,000
−10%	433	155,516,000

Fair value of the biological assets is mainly affected by the total volume of standing timbers and market price of the polar tree timbers. Despite the Plantation Land still faces problems of shortage of water resources, soil degradation and broken ecosystem, total volume of standing timbers increased 1,064 cubic metres from 459,397 cubic metres of last financial year end to 460,461 cubic metres at this financial year end, representing an increase of 0.23%. Reason for the volume increase is natural growth of polar trees. However, market price of polar tree timber fell from RMB496 per cubic meter of last financial year end to RMB481 at this financial year end, representing a decrease of 3.02%. The fair value is also affected by the fall 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 a decrease to approximately HK\$189,080,000 (2024: approximately HK\$190,958,000) in the fair value of the biological assets. The decrease is mainly attributable to the fall of market price of polar tree timber and value of Renminbi.

The actual fair value of poplar tree of biological assets in RMB as at 30 June 2025 amounted to approximately RMB172,756,000 (2024: approximately RMB177,731,000). 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 2025, the Group recognised aggregate net losses arising from the major non-current assets of approximately HK\$25,592,000 (2024: approximately HK\$60,445,000). 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 loss on investment properties.

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.

Base on the opinion of Guangdong Feijin Law Firm, as more particularly described in paragraph 2 at the Biological Assets section, the Law Firm further concluded that the duration of 30 years with effect from 1 July 2008 granted under the forestry management and undertaking agreement remains intact for the Plantation Land. Since the Group's rights under the forestry management and 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 13 years (2024: 14).

With reference to the valuation conducted by AP Appraisal Limited ("AP Appraisal"), an independent professional valuer, the recoverable amount of the Group's operating rights is higher than its carrying amount and no impairment has been recognised during the year ended 30 June 2025. 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). The discount rate used was 15.6% (2024: 14.3%).

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 2025, there was no revenue generated from the plantation sales business (2024: Nil).

A carbon market is a trading system where participants buy and sell carbon credits to meet emission reduction goals or voluntary climate targets. The Group is actively exploring opportunities of using carbon credits produced at the Plantation Land to participate in the carbon market.

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

Metal Recycle Business

For the year ended 30 June 2025, the Group recorded a substantial decrease in revenue from metal recycle business with a total of approximately HK\$2,831,000 (2024: HK\$9,822,000).

The main ultimate buyers of our metal recycle business are factories in PRC. The main metal scrap in our business was steel waste. PRC's steel business is the largest globally but faces challenges from overcapacity, which depresses prices and harm foreign competitors, leading to increased exports and calls for protectionist measures like tariffs. Internal demand for steel in PRC is softening because of substantial declines in infrastructure and building construction. Many small and medium steel manufacturers in PRC were shut down or are experiencing heavy financial losses for a considerable period with major state-owned groups operating mega melting factories dominate the industry. These mega steel makers seldom use steel scraps as their main source. Also, overcapacity and low prices tactics have prompted continuous decline of scrap steel price in PRC resulting in substantial decrease of profit margins and higher risk of operating losses. As such, the Group had slowed down substantially efforts and spendings in the local metal recycle business and shall explore metal recycle business in countries which afford lower risks and reasonable profit returns.

Motor and Motor Accessories Business

For the year ended 30 June 2025, revenue from motor and motor accessories business decreased to approximately HK\$48,769,000 (2024: approximately HK\$63,726,000).

On the sale of car segment, we had completed some backlog orders of BAC Mono. In addition, enquiries of used cars increased and we grasped the opportunity to turn some enquiries into sale during the year, However, the sale of high end car is still in difficulty.

On the sale of motor accessories, the tyres business recorded a decrease of sales from last year's approximately HK\$53,057,000 to this year end of approximately HK\$38,143,000, representing a decrease of 28.1% in Hong Kong and Taiwan market. Also the PRC market recorded a negative turnover from last year's approximately HK\$9,661,000 to this year end of approximately HK\$6,349,000. It was evident that consumer confidence at PRC continued to hover at all-time lows. More and more motor vehicle owners prolonged tyre's maintenance or shifted to use lower tier tyres with cheaper price and Pirelli did not manufacture that category.

Decline in sales attributed to several factors. The most important one is that consumers' purchasing power and sentiments have generally declined in Great China, PRC and regions of Hong Kong and Taiwan. Consumer confidence or ability at PRC continued to hover at all-time lows because of a slowdown in economy generally. PRC motor vehicle owners prolonged tyre's maintenance and chose cheaper tyres rather than much higher quality and priced Pirelli tyres. Whilst economy of the Taiwan region is experiencing strong growth, the growth is driven primarily by surging AI hardware and semiconductor manufacturing and the groups benefitted are usually not motor tyre's users. Our target groups are middle to middle-lower classes who use motorcycle. These groups' spending sentiments, although not in negative outlook, are often being driven by price. Tyres manufactured in PRC are allowed to import to Taiwan region subject, like our Pirelli tyres, to compliance with Taiwan region import requirements. Numbers of PRC tyres being imported to Taiwan region are raising. They are cheaper and eat up part of our sales. Disruption in maritime transport between Europe and Asia caused by ongoing geopolitical tensions and military activities in the Red Sea and the Gulf of Aden has caused disruption of our order of premium motor tyres, which are manufactured by Pirelli factories in Europe and used by us for motor racing events. The tariff war between PRC and USA has caused sharp reduction in shipping schedules between them and that also prompted unannounced adjustments to intra-Asia maritime routes. Our suppliers have also experienced unstable production problems due to raw materials transportation issues, which in turn caused impacts to the delivery schedules planned with us.

With the general uncertainty sentiment on global economy, consumers will become increasingly conservative in spending. The Group shall use best efforts to keep the Pirelli market share in region we are present and is exploring means and viability of entering into motor tyres sales business to countries where there are demand or potential demand in near future of quality motor tyres.

Money Lending Business

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

During the year, the Group recorded loan interest income of approximately HK\$368,000 (2024: approximately HK\$307,000) 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 2025 was approximately HK\$5,315,000 (2024: approximately HK\$5,517,000). During the year, no provision for impairment loss of loan receivables was made (2024: no provision) was considered necessary in the application of HKFRS 9 by the Group.

The scope of the money lending services of the Group mainly focuses on the provision of corporate or personal loans to referred customers, instead of the mass customer market, with loan size of not more than HK\$5 million in general. The target clientele primarily consists of (i) corporations which are in small to medium size with well-established business operations in Hong Kong and/or the PRC; and (ii) businessmen, executives or professionals in various industries, as referred from the Company's senior management, business partners or clients with past business dealings with the Group. The funding for the money lending business is financed by the internal resources of the Group.

The key operation of the money lending business of the Group is in Hong Kong. When a prospective client is identified, the finance department of the Group will conduct a series of due diligence work for the purpose of credit assessment. The management of the Company is primarily responsible for the credit assessment, loan approval and determination of terms under the respective loan agreements.

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 2025, size of the securities investment portfolio amounted to approximately HK\$140,000 (2024: approximately HK\$5,032,000).

For the year ended 30 June 2025, 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\$5,672,000 (2024: approximately HK\$1,052,000).

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 (2024: 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 2025, the revenue from the hotel leasing business amounted to approximately HK\$4,924,000 (2024: HK\$4,784,000).

PROSPECTS

The general view of USA political economy outlook is for continued economic deceleration into 2026 (real GDP growth is projected to decelerate further in 2025 and 2026, with some forecasts suggesting growth could be as low as 1.1% to 1.4% for 2026), driven by slowing job growth (job growth has significantly slowed), tariff-driven inflation (higher consumer prices and reduced real income), and interest rates cutting (the Federal Reserve announced 0.25% cut in interest rate and is expected to continue cutting interest rates as economic growth softens, but tensions between the POTUS and the Federal Reserve remains), though the probability of a severe recession remains around 35–40%. Key political factors include potential policy shifts after a federal election, such as changes in fiscal policy and impact on business confidence, with potential risks like weakened institutional independence and crony capitalism. Economic headwinds include persistent inflation, supply chain disruption from tariffs, slowdown in consumer spending and higher borrowing costs.

PRC's economy in 2025 is expected to see moderate growth, with forecasts around 4.8% from organisations like IMF, following strong first-half data. While the outlook has improved and the government is promoting new growth drives like high-tech industries, significant challenges remain, particularly the ongoing property sector downturn, high public debt, potential USA tariff escalations, and subdued consumer and business confidence. Policy support and a focus on certain reforms are seen as crucial for stabilising the economy and achieving growth targets despite external headwinds.

On the PRC and USA relationships, President Xi and Trump talked to each other personally through a call on 19 September. Despite the lack of any specific development from the call, experts agreed that the leaders talking was in itself a sign of a thaw, especially as President Xi had previously refused to get to the phone with Trump. It seems like they are ready to negotiate other more difficult and complicated issues. However, there is still a long way to go.

Back to Hong Kong's economy, it is projected to maintain solid growth for the rest of 2025, driven by strong exports and improving domestic demand, with government forecasting 2–3% GDP growth for the full year. Key factors supporting the economy include robust performance in the PRC and other Asian economies, a strengthening stock market, and government initiatives to boost consumption and attract investment. However, the outlook faces external risks from USA trade policies, dimmer global growth prospects, and uncertainties surrounding the pace of USA Federal Reserve interest rate cuts and a weakening US dollars. Internal risks include changes in residents' consumption patterns may continue to restrain the recovery of private consumption, property market remain slow, especially in commercial properties transactions, and property prices remain relatively a downward trend, and efficiency of execution government policies or routines by some departments and agencies falls short of expectations of general public and shake confidence. Again, there is no reason for pessimism about Hong Kong's

future if the traditional advantages of internationalism, free port traits, free and stable monetary market are all being maintained and the decision makers and policies executors of Hong Kong can put more focus on economy.

FINANCIAL REVIEW

For the year ended 30 June 2025, revenue of the Group decreased by 26.6% to approximately HK\$60,749,000 (2024: approximately HK\$82,817,000) and gross profit of the Group decreased by 25.2% to approximately HK\$13,252,000 (2024: approximately HK\$17,724,000). Loss for the year ended 30 June 2025 decreased to approximately HK\$42,940,000 as compared to loss of approximately HK\$72,084,000 of last corresponding year. The decrease in revenue was mainly due to the decrease from the motor business and material recycled business. The decrease in gross profit was mainly due to the decrease from the motor business. The loss for the year was mainly due to administrative and operating expenses, fair value loss on investment properties, loss arising from changes in fair value less costs to sell of biological assets, provision for impairment loss of receivables 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 2025, basic and diluted loss per share were HK8 cents (2024: HK16 cents). Loss arising from changes in fair value less costs to sell of biological assets was approximately HK\$5,373,000 (2024: approximately HK\$38,595,000). Fair value loss on investment properties was approximately HK\$15,680,000 (2024: approximately HK\$17,294,000).

For the year ended 30 June 2025, the finance costs were approximately HK\$5,989,000 (2024: approximately HK\$6,801,000). Administrative expenses from operations for the year ended 30 June 2025 decreased to approximately HK\$35,725,000 (2024: approximately HK\$40,907,000). It included major items such as amortisation of intangible assets of approximately HK\$4,539,000, salaries and directors' emoluments of approximately HK\$14,077,000 and legal and professional fee of approximately HK\$3,266,000. Income tax credit was recorded at approximately HK\$2,341,000 (2024: approximately HK\$10,594,000). Exchange gain on translating foreign operations was recorded at approximately HK\$4,503,000 (2024: loss approximately HK\$1,180,000).

Liquidity and Financial Resources

As at 30 June 2025, the total assets of the Group were approximately HK\$607,732,000 (2024: approximately HK\$661,398,000), including cash and bank balances of approximately HK\$1,920,000 (2024: approximately HK\$22,857,000, restated).

The Group's total borrowings as at 30 June 2025 were approximately HK\$68,099,000 (2024: approximately HK\$84,841,000). The Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was approximately 17.9% as at 30 June 2025 (2024: approximately 20.2%).

As at 30 June 2025, the Group's net assets amounted to approximately HK\$380,585,000 (2024: approximately HK\$419,022,000).

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 2025, the Group held investments at fair value through profit or loss of the invested stocks of approximately HK\$140,000. 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	75	140	100	0.04

Note:

- Wai Chun Group Holdings Ltd is an investment holding company principally engaged in the trading of chemicals and agricultural products. 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 2025. According to its latest published financial statements, it had net liabilities of approximately HK\$203,673,000 as at 31 March 2025.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2025, the Group had 31 (2024: 44) employees. The Group implements remuneration policy, bonus and share option scheme 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 2025, the bank loans of approximately HK\$63,544,000 were secured by (i) the car parking spaces with aggregate carrying amount of approximately HK\$170,000,000; (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 do not recommend or declare the payment of any dividend in respect of the year ended 30 June 2025 (2024: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting will be held on Thursday, 4 December 2025. 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 1 December 2025 and the register of members of the Company will be closed from 1 December 2025 to 4 December 2025 (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 28 November 2025.

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 2025. The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC denominated in RMB. As at 30 June 2025, 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.

CONTINGENT LIABILITIES

As at 30 June 2025, the directors of the Company are not aware of any material contingent liabilities.

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 Listing Rules for the year ended 30 June 2025, 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 stipulate, 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.

Mr. Liu Yafei was appointed as an executive Director on 2 August 2024 and had obtained legal advice in relation to the requirements, duties and obligations under the Listing Rules that are applicable to him as a director of a listed company on 1 August 2024 from an external legal adviser qualified to advise on Hong Kong law pursuant to Rule 3.09D of the Listing Rules. Mr. Liu had confirmed that he understood his obligations as a director of the Company.

Ms. Lai Pik Chi, Peggy was appointed as an Independent Non-executive Director on 3 October 2024 and had obtained legal advice in relation to the requirements, duties and obligations under the Listing Rules that are applicable to her as a director of a listed company on 2 October 2024 from an external legal adviser qualified to advise on Hong Kong law pursuant to Rule 3.09D of the Listing Rules. Ms. Lai had confirmed that she understood her obligations as a director of the Company and she has met the independence criteria set out in rule 3.13(1) to (8) of the Listing Rules.

Mr. Wong Kwai Sang retired as an Independent Non-executive Director upon conclusion of annual general meeting held on 3 December 2024. He has confirmed that he has no disagreement with the Board and there are no matters relating to this retirement that need to be brought to the attention of the shareholders of the Company.

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 2025.

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 2025.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group’s consolidated statement of financial position as at 30 June 2025, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 30 June 2025 as set out in the preliminary announcement have been agreed by the Group’s auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 30 June 2025. 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 2025, 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 2025

As at the date of this announcement, the Board comprises six executive directors, namely, Mr. Yeung Chi Hang, Mr. Leung Kwong Choi, 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.