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

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 556)**

**KEY FINDINGS OF  
THE INDEPENDENT INTERNAL CONTROL REVIEW  
IN RELATION TO  
A DISCLOSEABLE AND CONNECTED TRANSACTION  
REGARDING A LOAN AGREEMENT**

Reference is made to the announcement of Pan Asia Environmental Protection Group Limited (the “**Company**”) dated 1 April 2025 (the “**Announcement**”) in relation to a discloseable and connected transaction regarding a loan agreement. Unless stated otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the Company would engage an independent internal control consultant to conduct a review (the “**IC Review**”) on the internal control procedures of the Company in respect of relevant regulatory compliance and, subject to the result of such review, provide recommendations to enhance the Company’s internal control procedures, with a view to ensuring an effective and sufficient internal control system.

The Company has engaged Zhonghui Enterprise Consulting Co., Ltd (中匯企業諮詢有限公司) as the independent internal control consultant (the “**IC Consultant**”) to conduct the IC Review. The following is a summary of the key findings, recommendations made by the IC Consultant and the remedial actions taken by the Company based on the report issued by the IC Consultant.

**SCOPE OF THE IC REVIEW**

The IC Review was conducted to review the Company’s internal control procedures in relation to the reporting procedures and the management for notifiable and connected transactions under Chapter 14 and Chapter 14A of the Listing Rules.

## KEY FINDINGS OF THE IC REVIEW

Findings	Recommendations for improvement (the “Enhancement Plans”)	Implementation status of the Enhancement Plans
There is a failure to engage external professional parties to assist in the relevant review and assessment of material transactions.	<p>(i) In the event of complex transactions, it is recommended to engage external professional parties to assist in the relevant assessment and analysis;</p> <p>(ii) the Company should establish a communication mechanism to facilitate communication with external professional parties in assisting the Company in conducting timely reviews of relevant transactions, effectively identifying and promptly disclosing transactions that are subject to disclosure requirements; and</p> <p>(iii) if, based on the assessment of the company secretary of the Company, a certain transaction does not constitute a notifiable transaction and/or a connected transaction, it is recommended that such transaction shall be submitted to the appropriate personnel or the executive Director(s) for further review and confirmation.</p>	<p>The Company has updated its internal reporting procedure as per the recommendations. It has also established communication mechanism to facilitate communication with external professional parties in assisting the Company in conducting timely reviews of relevant transactions.</p>

<b>Findings</b>	<b>Recommendations for improvement (the “Enhancement Plans”)</b>	<b>Implementation status of the Enhancement Plans</b>
<p>The Company may enter into the innovative fields and/or high-tech industries in the future. The Company’s existing personnel may lack sufficient knowledge, experience, and technical capabilities to conduct relevant assessments, make accurate judgements, and comply with the relevant regulatory requirements for timely disclosure</p>	<p>(i) In consideration of the Company’s future business plans (including the plans to enter innovative fields and/or high-tech industries), the Company shall assess the existing knowledge and experience of the management, and provide appropriate ongoing training and education with regard to information disclosure; and</p> <p>(ii) when the Company engages in new business or transactions, and if based on the Company’s preliminary assessment, that there may be subject to disclosure requirements under the Listing Rules, the Company should engage professional parties to assist in the review and assessment regarding such transaction to ensure compliance with the Listing Rules.</p>	<p>The Company conducted internal training for the Directors, senior management members and relevant staff of the Company in relation to, among others, notifiable and connected transactions management in September 2025.</p> <p>Ongoing training will be conducted by the Company in consideration of the Company’s future business plans. Moreover, the Company will engage professional parties to assist in the review and assessment of relevant transactions to ensure compliance with the Listing Rules when necessary.</p>
<p>The Company has not established and maintained a ledger for connected transactions to record all connected transactions during the year in a timely manner, and has not been able to monitor the aggregated transaction amount of the connected transactions and report to management and the Board in a timely manner when the annual cap is exceeded.</p>	<p>The Company shall establish and maintain a ledger for all connected transactions during the year in a timely manner and monitor the aggregated transaction amount. If the annual cap is exceeded, the Company shall promptly report to management and the Board and take measures to restrict further transactions with the relevant connected persons that exceed the annual cap.</p>	<p>The Company has established and maintained a ledger to record all connected transactions during the year and will closely monitor the aggregated transaction amount.</p>

As at the date of this announcement, the Company has completed all the Enhancement Plans, and the Board confirms that the Company's internal control as amended and supplemented are adequate and effective.

By order of the Board  
**Pan Asia Environmental Protection Group Limited**  
**Guo Jiannan**  
*Chairman*

Hong Kong, 19 September 2025

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

*Executive Directors:*

Mr. GUO Jiannan (*Chairman*)

Mr. ZHU Duke Li (*Chief Executive Officer*)

Ms. PAN Chang

*Independent Non-executive Directors:*

Mr. CHEN Xuezheng

Mr. HU Jianjun

Mr. LEUNG Shu Sun, Sunny