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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)

**(I) DISCLOSEABLE AND CONNECTED TRANSACTION
REGARDING A LOAN AGREEMENT; AND
(II) REMEDIAL MEASURES**

THE LOAN AGREEMENT

Reference is made to the announcement of the Company dated 31 May 2024 regarding the Business Cooperation Agreement in relation to, among others, the development of the DR Network. As disclosed in the aforementioned announcement, the U.S. Subsidiary was responsible for providing Filecoin tokens to PowerMeta to be used as collateral in the DR Network.

On 1 June 2024, in order to fulfil its obligation to provide Filecoin tokens under the Business Cooperation Agreement, the U.S. Subsidiary entered into the Loan Agreement with the Lender pursuant to which the U.S. Subsidiary agreed to borrow 808,000 Filecoin tokens or in equivalent amount of U.S. dollars for a period of 540 days from 1 June 2024 on an unsecured basis.

As the Company completely disposed of all of its equity interest in the U.S. Subsidiary on 31 December 2024, the Filecoin tokens borrowed, which were entered into the accounts of the U.S. Subsidiary on 1 June 2024, were disposed of along with the disposal of the U.S. Subsidiary. Moreover, as the Loan Agreement was entered between the U.S. Subsidiary and the Lender only, the Group is no longer a party to the Loan Agreement and therefore does not have any obligation under the Loan Agreement after the disposal.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios of the transaction contemplated under the Loan Agreement is more than 5% but less than 25%, the transaction contemplated under the Loan Agreement was subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at 1 June 2024, the Lender was owned as to (i) 34% in aggregate, by Mr. Zhu, an executive Director and the chief executive officer of the Company, and his wife; and (ii) 33% by Mr. Perez, a substantial shareholder of the U.S. Subsidiary. Accordingly, the Lender was a connected person of the Company. As such, the transaction contemplated under the Loan Agreement constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the transaction contemplated under the Loan Agreement was more than 5% and that the value of Filecoin tokens borrowed was more than HK\$10 million, the Loan Agreement was subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the transaction under the Loan Agreement was conducted on normal commercial terms and did not require collateral from the Group's assets, the Company had considered that the transaction was a fully exempted financial assistance received from a connected person under Rule 14A.90 which was not subject to any reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Accordingly, the Company disclosed the details of the Loan Agreement in the interim report of the Company for the six months ended 30 June 2024.

Upon the Stock Exchange's post-vet enquiry in March 2025, the Company was aware that the transaction under the Loan Agreement was not considered as a form of financial assistance, and it should have been subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, and therefore the Company did not comply with Rules 14.34, 14A.35, 14A.36 and 14A.46 in respect of transaction under the Loan Agreement. Upholding the Company's long-standing principle that compliance is of paramount importance, the Company hereby announces the details of the transaction in accordance with the requirements of the Listing Rules.

THE LOAN AGREEMENT

Reference is made to the announcement of the Company dated 31 May 2024 regarding the Business Cooperation Agreement in relation to, among others, the development of the DR Network. As disclosed in the aforementioned announcement, the U.S. Subsidiary was responsible for providing Filecoin tokens to PowerMeta to be used as collateral in the DR Network.

On 1 June 2024, in order to fulfil its obligation to provide Filecoin tokens under the Business Cooperation Agreement, the U.S. Subsidiary entered into the Loan Agreement with the Lender pursuant to which the U.S. Subsidiary agreed to borrow 808,000 Filecoin tokens or in equivalent amount of U.S. dollars for a period of 540 days from 1 June 2024 on an unsecured basis.

The value of 808,000 Filecoin tokens (equivalent to around HK\$36.55 million at the relevant time) were entered into the accounts of the U.S. Subsidiary on 1 June 2024.

The principal terms of the Loan Agreement are summarised as follows:

Date : 1 June 2024

Parties : (1) the U.S. Subsidiary, as borrower; and
(2) the Lender.

As at 1 June 2024, the Lender was owned as to (i) 34% in aggregate, by Mr. Zhu Duke Li, a director of the Company, and his wife; and (ii) 33% by Mr. Perez, a substantial shareholder of the U.S. Subsidiary. Accordingly, the Lender was a connected person of the Company.

Principal : 808,000 Filecoin tokens or in equivalent amount of U.S. dollars

Interest rate and term : A fixed interest rate of 6% per annum due in arrears for a period of 540 days from 1 June 2024

Usage : Used as collateral in the DR Network

Repayment arrangement : The U.S. Subsidiary was required to settle the principal and accrued interests on the maturity date by transferring 880,720 Filecoin tokens or in equivalent amount of U.S. dollars.

Security : No security required

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

In order to optimise risk control and reduce the uncertainties associated with the new business, it was considered more beneficial for the Group to borrow the Filecoin tokens as compared to an acquisition of 808,000 Filecoin tokens to allow more flexibility for the Group. Moreover, the borrowing of Filecoin tokens was security-free, and that the Group had the option to repay in U.S. dollars in lieu of Filecoin tokens, which were favourable terms for the Group. The terms of the Loan Agreement, including the applicable interest rate, were entered into after arm's length negotiations between the parties and taking into account, among others, the prevailing market loan interest rates and practices.

The Directors (including the independent non-executive Directors) were of the view that the transaction contemplated under the Loan Agreement, although were not in the ordinary and usual course of business, were entered into on normal commercial terms or better, fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

As at 1 June 2024, the Lender, was owned as to 34% in aggregate, by Mr. Zhu, an executive Director and the chief executive officer of the Company, and his wife. Accordingly, Mr. Zhu was deemed to be interested in the transaction contemplated under the Loan Agreement and had abstained from voting on the Board resolutions in relation to the Loan Agreement. Save for Mr. Zhu, none of the Directors were deemed to be interested in the transaction contemplated under the Loan Agreement and hence were not required to abstain from voting on the Board resolutions in relation to the Loan Agreement.

INFORMATION OF THE PARTIES TO THE LOAN AGREEMENT

The Group

The Group is principally engaged in the sale of environmental protection products and equipment, and the provision of environmental protection construction engineering solutions and services.

The U.S. Subsidiary is a company incorporated in the U.S. with limited liability and it was a non-wholly owned subsidiary of the Company at the relevant time. It was previously established for the Company's development of Web 3.0 business and AI business. As at 1 June 2024, the U.S. Subsidiary was owned as to 51% by the Company, 28% by Mr. Perez and 21% by Mr. Zhu, an executive Director and the chief executive officer of the Company.

Mr. Perez is a merchant who was also the sole and ultimate beneficial owner of PowerMeta as at 1 June 2024. PowerMeta is a company incorporated in the U.S. with limited liability. It is a technology conglomerate that provides disaster recovery infrastructure and enterprise data storage solutions for organisations by a global decentralised storage network.

Reference is made to the announcement of the Company dated 30 December 2024. As disclosed in the aforementioned announcement, as the business performance of the U.S. Subsidiary did not meet the Group's expectations and long-term goals, the Company disposed of all of its equity interest in the U.S. Subsidiary to Mr. Perez at a consideration of US\$450,000 (equivalent to approximately HK\$3,510,000 at the relevant time). For further details, please refer to the announcement of the Company dated 30 December 2024.

The Lender

As at 1 June 2024, the Lender, a company incorporated in the British Virgin Islands and principally engaged in media content production, was owned as to (i) 34% in aggregate, by Mr. Zhu, an executive Director and the chief executive officer of the Company, and his wife; and (ii) 33% by Mr. Perez, a substantial shareholder of the U.S. Subsidiary. Accordingly, the Lender was a connected person of the Company.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios of the transaction contemplated under the Loan Agreement is more than 5% but less than 25%, the transaction contemplated under the Loan Agreement was subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at 1 June 2024, the Lender was owned as to (i) 34% in aggregate, by Mr. Zhu, an executive Director and the chief executive officer of the Company, and his wife; and (ii) 33% by Mr. Perez, a substantial shareholder of the U.S. Subsidiary. Accordingly, the Lender was a connected person of the Company. As such, the transaction contemplated under the Loan Agreement constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the transaction contemplated under the Loan Agreement was more than 5% and that the value of Filecoin tokens borrowed was more than HK\$10 million, the Loan Agreement was subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has always regarded compliance as one of its top governance principles and has engaged legal advisers from time to time to ensure compliance with the Listing Rules. As the cooperation with PowerMeta involves a new business area, the Company has engaged legal advisers in the U.S. and Hong Kong to draft and/or review the relevant transaction documents and announcements where necessary. The Company, in good faith, has taken reasonable steps including consulting with legal advisers and holding discussions among Board members, to ensure regulatory compliance of the Business Cooperation Agreement. As the transaction under the Loan Agreement was conducted on normal commercial terms and did not require collateral from the Group's assets, the Company had considered that the transaction was a fully exempted financial assistance received from a connected person under Rule 14A.90 which was not subject to any reporting, announcement, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Accordingly, the Company disclosed the details of the Loan Agreement in the interim report of the Company for the six months ended 30 June 2024.

Upon the Stock Exchange's post-vet enquiry in March 2025, the Company was aware that the transaction under the Loan Agreement was not considered as a form of financial assistance, and it should have been subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, and therefore the Company did not comply with Rules 14.34, 14A.35, 14A.36 and 14A.46 in respect of transaction under the Loan Agreement. Upholding the Company's long-standing principle that compliance is of paramount importance, the Company hereby announces the details of the transaction in accordance with the requirements of the Listing Rules.

As the Company completely disposed of all of its equity interest in the U.S. Subsidiary on 31 December 2024, the Filecoin tokens borrowed, which were entered into the accounts of the U.S. Subsidiary on 1 June 2024, were disposed of along with the disposal of the U.S. Subsidiary. Moreover, as the Loan Agreement was entered between the U.S. Subsidiary and the Lender only, the Group is no longer a party to the Loan Agreement and therefore does not have any obligation under the Loan Agreement after the disposal. As such, it is impractical for the Company to convene an extraordinary general meeting for the independent shareholders of the Company to approve the transaction contemplated under the Loan Agreement.

Considering that (i) the Group is no longer a party to the Loan Agreement; and (ii) the transaction contemplated under the Loan Agreement was considered beneficial to the Company and its shareholders (including the independent shareholders) as a whole given the favourable terms given to the Company, no undue risk has been imposed to the shareholders of the Company (including the independent shareholders) notwithstanding the fact that no extraordinary general meeting was convened or will be convened.

REMEDIAL MEASURES

The Company has adopted/will adopt the following remedial measures to strengthen the relevant internal control procedures of the Group:

- (i) provide further guidance materials and training to the Directors and all senior management members of the Group to reinforce (a) their existing knowledge with respect to the classification and compliance requirements for notifiable and connected transactions under the Listing Rules; and (b) the regulatory requirements relating to cryptocurrency under the Listing Rules;
- (ii) issue an internal memo to all the Directors and all senior management members of the Group that (a) the connected transaction requirements under Chapter 14A of the Listing Rules and the notifiable transaction requirements under Chapter 14 of the Listing Rules must be strictly complied with and they shall keep the Company informed of any transactions which may involve connected person(s) of the Company; and (b) any actions that the Company proposes to take which involve cryptocurrency, including but not limited to the acquisition of or borrowing of cryptocurrencies must be reported to the Board on a timely basis;
- (iii) engage legal advisers with expertise in the relevant fields to ensure compliance with relevant legal and regulatory requirements when the Company engages in new business ventures;
- (iv) carry out regular reviews of the Company's policies and practices relating to cryptocurrency and/or other new technologies or business areas to ensure that they align with the latest regulatory requirements;

- (v) consult with the Stock Exchange (by its own staff or through its advisers) if the Company is in doubt as to any requirement under the Listing Rules, in particular to the regulatory requirements on cryptocurrency and/or other new technologies or business areas which the Company may engage in; and
- (vi) engage an independent internal control consultant to conduct a 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 guidance materials mentioned in paragraph numbered (i) of the above remedial measures were circulated on 21 March 2025; and the internal memo mentioned in paragraph numbered (ii) of the above remedial measures was issued on 19 March 2025. Other remedial measures are implemented on an on-going basis and will be carried out by the Company if and when appropriate.

It is expected that the internal control consultant mentioned in paragraph numbered (vi) of the above remedial measures will be engaged by April 2025. Subject to the review thereof, the Directors shall implement necessary enhancements to the internal control system to ensure the Company’s strong commitment to high-level compliance and governance. Further announcement(s) will be made by the Company upon completion of the internal control review of the Company. The Company will also disclose the (i) findings of the internal control review; (ii) implementation status of necessary enhancements to the internal control system; and (iii) Board’s assessment as to the effectiveness and adequacy of the internal control system in the corporate governance report of the Company for the year ending 31 December 2025.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“AI”	artificial intelligence
“Board”	the board of Directors
“Business Cooperation Agreement”	the business cooperation agreement dated 31 May 2024 entered into between the U.S. Subsidiary and PowerMeta in relation to, among others, the development of the DR Network
“Company”	Pan Asia Environmental Protection Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange

“Director(s)”	the director(s) of the Company
“DR Network”	decentralised disaster recovery storage network in Web 3.0
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“Lender”	3 Body Unispace Limited, a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 1 June 2024 and entered into between the U.S. Subsidiary (as borrower) and the Lender in relation to the borrowing of Filecoin tokens
“Mr. Perez”	Mr. Lucas Wu Perez, a substantial shareholder of the U.S. Subsidiary
“Mr. Zhu”	Mr. Zhu Duke Li, an executive Director and the chief executive officer of the Company
“PowerMeta”	PowerMeta Corporation, a company incorporated in the U.S. with limited liability
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) in the share capital of the Company of HK\$0.1 each
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S.”	the United States of America
“U.S. Subsidiary”	Turing AI Technologies Group USA (formerly known as Pan Asia Environmental Protection Group USA LLC), a company incorporated in the U.S. with limited liability and a non-wholly owned subsidiary of the Company as at 1 June 2024, which was completely disposed of by the Company on 31 December 2024

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent.

In this announcement, the value of Filecoin tokens have been translated into US\$ at the rate of 1 Filecoin token = US\$5.80 according to the market price of the Filecoin tokens as at 1 June 2024; and amounts in US\$ have been translated into HK\$ at the rate of US\$1 = HK\$7.8.

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

Hong Kong, 1 April 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