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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Pan Asia Environmental Protection Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**SCRIP DIVIDEND IN RELATION TO THE
FIRST TRANCHE SPECIAL DIVIDEND**

All times and dates specified herein refer to Hong Kong local times and dates.

13 February 2026

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Branch Share Registrar”	the Company’s share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“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
“Election Form”	the form of election in relation to the First Tranche Special Dividend
“First Tranche Special Dividend”	the declaration and distribution of the first tranche special dividend out of the Share Premium Account under the reserves of the Company in the amount of HK\$0.12 per Share
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	11 February 2026, being the latest practicable date for ascertaining certain information in this circular before its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time
“Overseas Shareholders”	the holder(s) of Shares having their registered address(es) outside Hong Kong

DEFINITIONS

“PRC”	the People’s Republic of China, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Record Date”	close of business on Thursday, 5 February 2026, being the time for determining entitlements of the holders of Shares to the First Tranche Special Dividend
“RMB”	Renminbi, the lawful currency of the PRC
“Scrip Shares”	new Shares to be allotted and issued under the First Tranche Special Dividend
“Share(s)”	ordinary share(s) of the Company
“Share Premium Account”	the share premium account of the Company, the amount standing to the credit of which was approximately RMB482.1 million as at 30 June 2025 based on the unaudited consolidated financial statements of the Group as at that date
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong, as amended from time to time

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. LIN Jun (*Chairman*)

Mr. GUO Jiannan (*Vice Chairman*)

Ms. PAN Chang (*Chief Executive Officer*)

Independent non-executive Directors:

Mr. CHEN Xuezheng

Mr. HU Jianjun

Mr. LEUNG Shu Sun, Sunny

Registered office:

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Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Principal place of business
in the PRC:*

Baihe Industrial Park

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Yixing City

Jiangsu Province

The PRC

*Principal place of business
in Hong Kong:*

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Lippo Sun Plaza

No. 28 Canton Road

Tsim Sha Tsui, Kowloon

Hong Kong

13 February 2026

To the Shareholders

Dear Sir or Madam,

SCRIP DIVIDEND IN RELATION TO THE FIRST TRANCHE SPECIAL DIVIDEND

INTRODUCTION

Reference is made to the announcement of the Company on 24 December 2025. At the meeting of the Board held on 24 December 2025, the Board resolved to declare the First Tranche Special Dividend of HK\$0.12 per Share. The First Tranche Special Dividend will be paid in cash on or around Thursday, 26 March 2026 to the Shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 5 February 2026 (i.e. the Record Date).

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The purpose of this circular is to provide you with the procedures which apply in relation to the First Tranche Special Dividend and the action which should be taken by the Shareholders in relation thereto.

PARTICULARS OF THE FIRST TRANCHE SPECIAL DIVIDEND

For holders of Shares

Shareholders whose names appear on the register of members of the Company on Thursday, 5 February 2026 have the following choices in respect of the First Tranche Special Dividend:

- (a) cash of HK\$0.12 per Share;
- (b) an allotment of such number of Scrip Shares equal to, save for adjustment for fractions, (x) the amount of the First Tranche Special Dividend which holders of Shares would otherwise be entitled to receive in cash, divided by (y) the Reference Price per Share (as defined below); or
- (c) partly by cash of HK\$0.12 per Share and partly by allotment of Scrip Shares.

Holders of Shares who do not elect to receive the First Tranche Special Dividend in Scrip Shares by 4:30 p.m. on Thursday, 5 March 2026 will receive the First Tranche Special Dividend in cash.

Each of Praise Fortune Limited and China Sky Global Investment Limited has undertaken to opt for cash instead of Scrip Shares in the First Tranche Special Dividend.

BASIS OF ALLOTMENT OF SCRIP DIVIDEND

For the purpose of calculating the number of Scrip Shares to be allotted and issued under the First Tranche Special Dividend, the issue price of the Scrip Shares will be determined with reference to the average closing price per Share as stated in the daily quotation sheet of the Stock Exchange for the five consecutive trading days commencing from the Record Date (i.e. from Thursday, 5 February 2026 to Wednesday, 11 February 2026), being HK\$0.678 per Share (the “**Reference Price**”). Accordingly, the number of Scrip Shares which an eligible holder of Shares is entitled to receive in respect of the First Tranche Special Dividend is calculated as follows:

$$\begin{array}{l} \text{Number of Scrip} \\ \text{Shares to be} \\ \text{received} \end{array} = \begin{array}{l} \text{Number of Shares} \\ \text{held on the} \\ \text{Record Date} \end{array} \times \frac{\text{HK\$0.12 (First Tranche Special} \\ \text{Dividend per Share)}}{\text{HK\$0.678 (Reference Price)}}$$

The number of Scrip Shares to be issued to the eligible holders of Shares will be rounded down to the nearest whole number. No Shareholder will be entitled to be issued any fraction of a Share under the First Tranche Special Dividend. If you elect to receive the maximum number of

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Scrip Shares in lieu of your cash dividend, a residual dividend entitlement may arise, representing the difference between the total cash equivalent of the Scrip Shares based on the Reference Price to be issued to you and the maximum dividend available in respect of your shareholdings. Fractional entitlements to Scrip Shares will be disregarded and the benefit thereof will accrue to the Company.

The Scrip Shares will, on issue, rank *pari passu* in all respects with the Shares in issue on the date of the allotment and issue of the Scrip Shares except that they shall not be entitled to the First Tranche Special Dividend. The Scrip Shares issued to the Shareholders pursuant to elections to receive the First Tranche Special Dividend wholly in the form of Scrip Shares may be allocated in odd lots (of fewer than a board lot of 2,000 Shares). No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of the Scrip Shares to be issued in odd lots. Shareholders should be aware that odd lots usually trade at a discount to the price of board lots.

EFFECT OF THE FIRST TRANCHE SPECIAL DIVIDEND

Based on the above, for illustration purpose only, if all holders of Shares elect to receive the First Tranche Special Dividend in Scrip Shares (except for the two largest Shareholders who have undertaken to opt for cash instead of Scrip Shares in the First Tranche Special Dividend), a total of approximately 60,784,424 Scrip Shares would be issued. Whereas, if all holders of Shares elect to receive the First Tranche Special Dividend in cash, a total cash dividend of HK\$118,800,000 would be payable by the Company.

DISCLOSURE OF INTEREST AND TAKEOVERS CODE IMPLICATIONS

Holders of Shares should note that the Scrip Shares to be issued under the First Tranche Special Dividend may give rise to disclosure requirements under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

As at the Latest Practicable Date, based on the information available to the Company, the two largest Shareholders are (i) Praise Fortune Limited, holding 356,568,000 Shares and representing approximately 36.02% of the total issued Shares; and (ii) China Sky Global Investment Limited, holding 250,000,000 Shares and representing approximately 25.25% of the total issued Shares. As each of Praise Fortune Limited and China Sky Global Investment Limited has undertaken to opt for cash instead of Scrip Shares in the First Tranche Special Dividend, no mandatory general offer under the Takeovers Code will be triggered as a result of the declaration of the First Tranche Special Dividend.

Holders of Shares and potential investors of the Company should exercise caution when dealing in the securities of the Company. Holders of Shares who are in any doubt as to how these provisions may affect them as a result of the issue of the Scrip Shares are recommended to seek their own professional advice. Holders of Shares who are in any doubt as to their taxation position are also recommended to seek their own professional advice.

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ADVANTAGE OF THE SCRIP DIVIDEND ALTERNATIVE UNDER THE FIRST TRANCHE SPECIAL DIVIDEND

By offering a scrip dividend alternative under the First Tranche Special Dividend, investors are provided with a viable path to increase their shareholding in the Company without incurring additional dealing-related costs. The scrip dividend alternative under the First Tranche Special Dividend will also benefit the Company to the extent that such cash which would otherwise have been paid to holders of Shares who elect to receive in the form of Scrip Shares will be retained for use as working capital by the Company. In addition, the scrip dividend is offered solely as an alternative to the default cash dividend option and both options are made available to all holders of Shares for additional flexibility. Holders of Shares may exercise their own discretion in choosing their preferred form based on their individual circumstances.

ELECTION FORM

For holders of Shares

The Election Form is enclosed with this circular for use by the eligible holders of Shares who wish to receive the First Tranche Special Dividend wholly or partly in the form of Scrip Shares. Please read carefully the instructions below and the instructions printed on the Election Form.

If you wish to receive your First Tranche Special Dividend in cash only, you DO NOT need to take any action and DO NOT need to return the Election Form. Holders of Shares who do not make an election to receive their First Tranche Special Dividend wholly or partly in the form of Scrip Shares will receive their First Tranche Special Dividend in cash only.

If you wish to receive your First Tranche Special Dividend wholly in the form of Scrip Shares, please SIGN, DATE and RETURN the Election Form.

If you wish to receive your First Tranche Special Dividend partly in cash and partly the form of Scrip Shares, please complete Box C of the Election Form and fill in the number of Shares held by you on the Record Date for which you wish the First Tranche Special Dividend to be paid in cash. Please SIGN, DATE and RETURN the Election Form. If you complete the Election Form but do not specify the number of Shares in respect of which you wish to receive the First Tranche Special Dividend in cash, or if the number of Shares specified exceeding the number of Shares registered in your name on the Record Date, you will be deemed to have exercised your election to receive the First Tranche Special Dividend in cash in respect of all the Shares of which you were then registered as the holder.

The enclosed Election Form should be completed in accordance with the instructions printed thereon and you should return the same to the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 4:30 p.m. on Thursday, 5 March 2026. The deadline for submission of Election Forms

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will be adjusted if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 5 March 2026. Instead the deadline for submission of Election Forms will be 5:00 p.m. on the same business day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on Thursday, 5 March 2026. Instead the deadline for submission of Election Forms will be rescheduled to 4:30 p.m. on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:30 p.m.

Failure to complete and return the Election Form in accordance with the instructions printed thereon will result in the relevant eligible holders of Shares receiving the First Tranche Special Dividend in cash. Election in respect of the First Tranche Special Dividend cannot be in any way withdrawn, revoked, superseded, or altered after the relevant Election Form is signed and lodged with the Company’s share registrar in Hong Kong, Tricor Investor Services Limited. No acknowledgment of receipt of the Election Form will be issued.

If you are a non-registered Shareholder, i.e. your Shares are held through an intermediary (for example, a bank, a custodian or a securities broker) or registered in the name of your nominee, you will not receive the Election Form. If you wish to receive the First Tranche Special Dividend wholly in the form of Scrip Shares, please contact your intermediary or nominee directly.

For holders of Shares resident outside Hong Kong

If you are a resident outside Hong Kong, you should consult your professional advisers as to whether or not you are permitted to participate in the First Tranche Special Dividend or whether any government or other consents are required or other formalities need to be observed. No holders of Shares receiving this circular and/or an Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for Scrip Shares unless in the relevant territory such invitation could lawfully be made to them without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. Holders of Shares residing in a jurisdiction where it would be illegal for the Company to make such an invitation will be deemed to have received this circular for information only.

Based on the register of members of the Company as at the Record Date, there were two Overseas Shareholders having their respective addresses registered in the PRC, who together held 330,000,000 Shares, representing approximately 33.3% of the number of issued Shares as at the Record Date. The aggregate amount of the First Tranche Special Dividend to which these Overseas Shareholders are entitled is HK\$39,600,000.

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The Company has made enquiry in respect of the legal restrictions under the laws of the PRC and the requirements of the relevant regulatory bodies or stock exchanges for the Company to extend the First Tranche Special Dividend to the Overseas Shareholders. Based on the relevant legal advice obtained, the Overseas Shareholders are eligible to elect to receive the First Tranche Special Dividend wholly or partly in the form of Scrip Shares.

This circular and the Election Form do not constitute or form part of an offer or solicitation of any offer to buy securities of the Company, and the Election Form is non-transferable.

Notwithstanding the enquiries made by the Company, it is the responsibility of any Overseas Shareholder who wishes to receive Scrip Shares in respect of the First Tranche Special Dividend to comply with the laws of the relevant jurisdictions including procedures or any other similar formalities. Persons who will receive the Scrip Shares in lieu of cash dividend must also comply with any restrictions on the resale of the Shares which may apply outside Hong Kong.

PRC Southbound Trading Investors

Pursuant to the Frequently Asked Questions FAQ 18.4 No. 1–4 first issued by the Stock Exchange in November 2014 and last updated in June 2024 on the interpretation of the Listing Rules, investors from the PRC who hold Shares through the China Securities Depository and Clearing Corporation Limited (“ChinaClear”) as nominee under Shanghai Connect and Shenzhen Connect (the “PRC Southbound Trading Investors”) can participate in the First Tranche Special Dividend through ChinaClear. ChinaClear will provide nominee services for the PRC Southbound Trading Investors to elect to receive the First Tranche Special Dividend wholly in the form of Shares in accordance with the relevant laws and regulations.

The PRC Southbound Trading Investors should seek advice from their intermediaries (including brokers, custodians, nominees or ChinaClear participants) and/or other professional advisers for details of the logistical arrangements as required by ChinaClear, and provide instructions with such intermediaries in relation to the election to receive the scrip dividend Shares.

CONDITIONS OF ISSUANCE OF SCRIP SHARES

The issuance of the Scrip Shares are subject to the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Scrip Shares to be allotted and issued in respect of the First Tranche Special Dividend.

If the abovementioned condition is not satisfied, the First Tranche Special Dividend will then be paid wholly in cash.

LISTING AND DEALINGS

The Shares of the Company are only listed on the Stock Exchange. No part of the share capital or debt securities of the Company is listed or dealt in on any other stock exchange. An

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application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scrip Shares to be allotted and issued pursuant to the First Tranche Special Dividend.

The Company expects the cheque for the First Tranche Special Dividend and share certificates to be sent to the holders of Shares on Thursday, 26 March 2026, and dealings of such Scrip Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Friday, 27 March 2026. All Scrip Shares, when allotted, are non-renounceable.

Subject to the granting of the listing of, and permission to deal in, the Scrip Shares to be allotted and issued pursuant to the First Tranche Special Dividend on the Stock Exchange, such Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement through CCASS. Holders of Shares should seek the advice of their stockbrokers or other professional advisers for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

TIMETABLE

A timetable summarising the events in relation to the First Tranche Special Dividend is set out below:

Ex-dividend date	Monday, 2 February 2026
Latest time to lodge transfer documents for registration with the Branch Share Registrar	4:30 p.m. on Tuesday, 3 February 2026
Closure of the register of members of the Company for the purpose of determining the Shareholders' entitlement to the First Tranche Special Dividend	Wednesday, 4 February 2026 to Thursday, 5 February 2026 (both days inclusive)
Record Date	Thursday, 5 February 2026
Latest time for return of the Election Form to the Branch Share Registrar (<i>Note 2</i>)	4:30 p.m. on Thursday, 5 March 2026
Despatch of share certificates for Scrip Shares at the risk of recipients	Thursday, 26 March 2026
Expected first day of dealings in Scrip Shares	Friday, 27 March 2026

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Notes:

1. All references to dates and time in this circular are to Hong Kong dates and time.
2. If there is a tropical cyclone warning signal number 8 or above, or “extreme conditions” caused by a super typhoon, or a “black” rainstorm warning signal in force at or at any time prior to 4:30 p.m. on Thursday, 5 March 2026, the deadline for return of the Election Form will be changed. Further information is set out in the section headed “Letter from the Board – Election Form” in this circular.

RECOMMENDATION AND ADVICE

Whether or not it is to your advantage to receive cash or the scrip dividend alternative depends upon your own individual circumstances, and the decision in this regard and all effects resulting therefrom are the sole responsibility of each holder of Shares. If you are in any doubt as to what to do, you should consult your professional advisers. Eligible holders of Shares who are trustees are recommended to take professional advice as to whether the choice of the scrip dividend alternative is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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