

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**KANGDA INTERNATIONAL ENVIRONMENTAL COMPANY LIMITED**

**康達國際環保有限公司**

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

**(Stock Code: 6136)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**HIGHLIGHTS**

- Revenue was approximately RMB2,261.3 million, representing an increase of approximately 2.0% over the last year owing to the increase in revenue from construction services.
- Gross profit was RMB1,089.0 million, representing an increase of 1.2% over the last year. Gross profit margin remained stable at 48.2% comparing with 48.5% for the last year.
- Profit attributable to owners of the parent was approximately RMB168.0 million, representing an increase of approximately 34.6% as compared to the last year due to the decrease in finance costs and income tax charge comparing with the last year.
- Basic and diluted earnings per share attributable to ordinary equity holders of the parent for the year were RMB7.85 cents, representing an increase of approximately 34.6% as compared with RMB5.83 cents of the last year.
- Net cash inflow from operating activities maintained positive and recorded RMB403.1 million, representing an increase of 37.6% over the last year.
- For the year ended 31 December 2024, the actual aggregate processing volume reached 1,278.4 million tonnes, representing a moderate increase of 1.0% as compared with 1,265.7 million tonnes of the last year.
- The Board did not recommend payment of the final dividend for the year ended 31 December 2024.

The board (the “Board”) of directors (the “Directors”) of Kangda International Environmental Company Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively as the “Group”) for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*Year ended 31 December 2024*

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<b>REVENUE</b>	3	<b>2,261,282</b>	2,216,381
Cost of sales		<u><b>(1,172,268)</b></u>	<u>(1,140,387)</u>
Gross profit		<b>1,089,014</b>	1,075,994
Other income and gains	4	<b>66,814</b>	59,789
Selling and distribution expenses		<b>(956)</b>	(994)
Administrative expenses		<b>(284,040)</b>	(283,090)
Other expenses		<b>(88,290)</b>	(43,397)
Finance costs	5	<b>(544,211)</b>	(578,719)
Share of profits and losses of:			
Associates		<b>1,058</b>	4,699
Joint ventures		<u><b>(3,146)</b></u>	<u>(328)</u>
<b>PROFIT BEFORE TAX</b>	6	<b>236,243</b>	233,954
Income tax expense	7	<u><b>(65,362)</b></u>	<u>(103,726)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>170,881</b></u>	<u>130,228</u>
Attributable to:			
Owners of the parent	8	<b>167,998</b>	124,753
Non-controlling interests		<u><b>2,883</b></u>	<u>5,475</u>
		<u><b>170,881</b></u>	<u>130,228</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic for profit for the year (expressed in RMB per share)	8	<u><b>7.85 cents</b></u>	<u>5.83 cents</u>
Diluted for profit for the year (expressed in RMB per share)	8	<u><b>7.85 cents</b></u>	<u>5.83 cents</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (continued)**

*Year ended 31 December 2024*

	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<b>52,000</b>	(16,000)
Income tax effect	<b>(7,800)</b>	2,400
	<b>44,200</b>	(13,600)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<b>44,200</b>	(13,600)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		
	<b>44,200</b>	(13,600)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		
	<b>215,081</b>	116,628
Attributable to:		
Owners of the parent	<b>212,198</b>	111,153
Non-controlling interests	<b>2,883</b>	5,475
	<b>215,081</b>	116,628

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

		31 December 2024	31 December 2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		48,682	53,378
Investment properties		10,465	11,083
Right-of-use assets		1,737	2,286
Investments in associates		234,998	234,577
Investments in joint ventures		74,945	78,091
Service concession intangible assets		1,525,762	1,376,539
Other intangible assets		1,433	1,776
Goodwill		17,170	58,325
Financial receivables	9	9,631,996	9,512,959
Deferred tax assets		81,002	84,362
Prepayments, other receivables and other assets		18,731	25,191
Contract assets	10	492,730	1,177,367
		<b>12,139,651</b>	<b>12,615,934</b>
Total non-current assets		<b>12,139,651</b>	<b>12,615,934</b>
<b>CURRENT ASSETS</b>			
Inventories		17,534	18,092
Contract assets	10	53,057	77,629
Equity investments designated at fair value through other comprehensive income		399,000	347,000
Financial receivables	9	2,041,985	2,079,291
Trade receivables	11	3,169,688	2,808,513
Prepayments, other receivables and other assets		760,656	903,826
Pledged deposits		93,698	128,713
Cash and cash equivalents		122,158	248,360
Other current financial assets		–	4
		<b>6,657,776</b>	<b>6,611,428</b>
Assets of a disposal group classified as held for sale		<b>356,499</b>	<b>–</b>
Total current assets		<b>7,014,275</b>	<b>6,611,428</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2024

		31 December 2024	31 December 2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	12	1,849,716	2,013,332
Other payables and accruals		142,038	177,286
Interest-bearing bank and other borrowings	13	2,961,204	3,501,475
Tax payable		89,223	79,356
		<u>5,042,181</u>	<u>5,771,449</u>
Liabilities directly associated with the assets classified as held for sale		<u>260,448</u>	–
Total current liabilities		<u>5,302,629</u>	<u>5,771,449</u>
<b>NET CURRENT ASSETS</b>		<u>1,711,646</u>	<u>839,979</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>13,851,297</u>	<u>13,455,913</u>
<b>NON-CURRENT LIABILITIES</b>			
Trade payables	12	4	201
Interest-bearing bank and other borrowings	13	6,651,072	6,415,560
Other payables and accruals		–	30,629
Deferred tax liabilities		1,180,376	1,159,491
Total non-current liabilities		<u>7,831,452</u>	<u>7,605,881</u>
Net assets		<u>6,019,845</u>	<u>5,850,032</u>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital		17,125	17,125
Reserves		5,917,837	5,694,664
		<u>5,934,962</u>	<u>5,711,789</u>
Non-controlling interests		<u>84,883</u>	<u>138,243</u>
Total equity		<u>6,019,845</u>	<u>5,850,032</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements have been prepared under the historical cost convention, except for equity investments designed at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, and any non-controlling interest; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

## 2. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to their nature. Each of the Group's operating segments represents a strategic business unit that provides services which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

- (a) the segment of Urban Water Treatment engages in the design, construction, upgrade and operation of waste water treatment plants (the "WTPs"), reclaimed water treatment plants (the "RWTPs"), sludge treatment plants (the "STPs") and water distribution plants (the "WDPs"), and in the operation and maintenance of waste water treatment facilities entrusted by governments ("O&M");
- (b) the segment of Water Environment Comprehensive Remediation engages in river harnessing and improvement, foul water body treatment, and sponge city construction; and
- (c) the segment of Rural Water Improvement engages in the construction and operation related to "the Water Environment Facilities of Beautiful Village" such as waste water treatment facilities and pipeline construction for collecting waste water so as to achieve rural living environment improvement.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the reportable segment results, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that unallocated income and gains, finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets and liabilities mainly comprise operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment assets exclude investment properties, unallocated intangible assets, unallocated deferred tax assets, unallocated prepayments, other receivables and other assets, unallocated pledged deposits, unallocated cash and cash equivalents, unallocated investments in associates and a joint venture and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated other payables and accruals, lease liabilities, and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.



## 2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2024	Urban Water Treatment RMB'000	Water Environment Comprehensive Remediation RMB'000	Rural Water Improvement RMB'000	Total RMB'000
<b>Segment revenue</b>				
Sales to external customers	<u>2,160,205</u>	<u>22,133</u>	<u>78,944</u>	<u>2,261,282</u>
Total segment revenue	2,160,205	22,133	78,944	2,261,282
<b>Segment results</b>	<b>460,393</b>	<b>25,182</b>	<b>21,969</b>	<b>507,544</b>
<i>Reconciliation:</i>				
Unallocated income and gains				9,451
Share of profits and losses of unallocated associates				18
Share of profit and loss of an unallocated joint venture				(1,753)
Corporate and other unallocated expenses				(76,233)
Unallocated lease-related finance costs				(85)
Unallocated finance costs (other than interest on lease liabilities)				<u>(202,699)</u>
Profit before tax				<u>236,243</u>
<b>Segment assets</b>	<b>16,785,400</b>	<b>1,153,880</b>	<b>643,461</b>	<b>18,582,741</b>
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>571,185</u>
Total assets				<u>19,153,926</u>
<b>Segment liabilities</b>	<b>12,242,483</b>	<b>371,663</b>	<b>456,855</b>	<b>13,071,001</b>
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>63,080</u>
Total liabilities				<u>13,134,081</u>

## 2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2024	Urban Water Treatment <i>RMB'000</i>	Water Environment Comprehensive Remediation <i>RMB'000</i>	Rural Water Improvement <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Other segment information</b>				
Investments in associates	–	234,661	–	234,661
Unallocated investments in associates				337
Investment in a joint venture	68,263	–	–	68,263
Unallocated investment in a joint venture				6,682
Share of profits and losses of associates	–	1,040	–	1,040
Share of profits and losses of unallocated associates				18
Share of profit and loss of a joint venture	(1,393)	–	–	(1,393)
Share of profit and loss of an unallocated joint venture				(1,753)
Impairment losses recognised in profit or loss, net <sup>#</sup>	(69,435)	(3,554)	–	(72,989)
Depreciation and amortisation	89,183	8	32,894	122,085
Unallocated depreciation and amortisation				4,124
Total depreciation and amortisation				<u>126,209</u>
Capital expenditure	32,133	–	3,496	35,629
Unallocated amounts				34
Total capital expenditure*				<u>35,663</u>

\* Capital expenditure consists of additions to property, plant and equipment and service concession contract assets.

# The impairment losses recognised in profit or loss consists of the impairment of financial receivables, the impairment of contract assets, the impairment of trade receivables and the impairment of other receivables.

## 2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2023	Urban Water Treatment <i>RMB'000</i>	Water Environment Comprehensive Remediation <i>RMB'000</i>	Rural Water Improvement <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b>				
Sales to external customers	2,123,024	43,438	49,919	2,216,381
Total segment revenue	2,123,024	43,438	49,919	2,216,381
<b>Segment results</b>	512,121	(16,281)	(11,119)	484,721
<i>Reconciliation:</i>				
Unallocated income and gains				18,615
Share of profits and losses of unallocated associates				3,777
Share of profit and loss of an unallocated joint venture				(42)
Corporate and other unallocated expenses				(56,902)
Unallocated lease-related finance costs				(156)
Unallocated finance costs (other than interest on lease liabilities)				(216,059)
Profit before tax				233,954
<b>Segment assets</b>	16,511,177	1,253,543	636,810	18,401,530
<i>Reconciliation:</i>				
Corporate and other unallocated assets				825,832
Total assets				19,227,362
<b>Segment liabilities</b>	12,473,546	489,654	362,094	13,325,294
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				52,036
Total liabilities				13,377,330

## 2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2023	Urban Water Treatment <i>RMB'000</i>	Water Environment Comprehensive Remediation <i>RMB'000</i>	Rural Water Improvement <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Other segment information</b>				
Investments in associates	–	234,258	–	234,258
Unallocated investments in associates				319
Investment in a joint venture	69,656	–	–	69,656
Unallocated investment in a joint venture				8,435
Share of profits and losses of associates	–	922	–	922
Share of profits and losses of unallocated associates				3,777
Share of profit and loss of a joint venture	(286)	–	–	(286)
Share of profit and loss of an unallocated joint venture				(42)
Impairment losses recognised in profit or loss, net <sup>#</sup>	(31,690)	(2,231)	–	(33,921)
Depreciation and amortisation	65,837	18	25,046	90,901
Unallocated depreciation and amortisation				<u>3,803</u>
Total depreciation and amortisation				<u><u>94,704</u></u>
Capital expenditure	15,497	–	19,256	34,753
Unallocated amounts				<u>8</u>
Total capital expenditure*				<u><u>34,761</u></u>

\* Capital expenditure consists of additions to property, plant and equipment and service concession contract assets.

# The impairment losses recognised in profit or loss consists of the impairment of financial receivables, the impairment of contract assets, the impairment of trade receivables and the impairment of other receivables.

## 2. OPERATING SEGMENT INFORMATION (continued)

### Geographical information

#### (a) Revenue from external customers

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Mainland China	<u>2,261,282</u>	<u>2,216,381</u>

The revenue information above is based on the locations of the customers.

#### (b) Non-current assets

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Mainland China	<u>12,058,649</u>	<u>12,531,572</u>

All the non-current assets are located in Mainland China. The non-current asset information above excludes deferred tax assets.

### Information about major customers

The revenue derived from the Group's two largest customers during the year is as follows:

#### Year ended 31 December 2024

	Urban Water Treatment <i>RMB'000</i>	Total <i>RMB'000</i>
Customer C	188,092	188,092
Customer B	<u>140,732</u>	<u>140,732</u>
	<u>328,824</u>	<u>328,824</u>

#### Year ended 31 December 2023

	Urban Water Treatment <i>RMB'000</i>	Total <i>RMB'000</i>
Customer A	152,322	152,322
Customer C	<u>134,881</u>	<u>134,881</u>
	<u>287,203</u>	<u>287,203</u>

### 3. REVENUE

The Group has entered into a number of service concession arrangements with certain governmental authorities or their designees (the “Grantors”) on a Build-Operate-Transfer (“BOT”) or a Transfer-Operate-Transfer (“TOT”) basis in respect of its WTPs, RWTPs, WDPs, STPs or other municipal infrastructure. These service concession arrangements generally involve the Group as an operator in (i) constructing WTPs, RWTPs, WDPs, STPs or other municipal infrastructure for those arrangements on a BOT basis; (ii) paying a specific amount for those arrangements on a TOT basis; and (iii) operating WTPs, RWTPs, WDPs, STPs or other municipal infrastructure on behalf of the Grantors for periods ranging from 17 to 30 years (the “Service Concession Periods”), and the Group will be paid for its services over the Service Concession Periods at prices stipulated through a pricing mechanism.

The Group carries out construction works of other municipal infrastructure under engineering procurement construction (“EPC”) arrangements and agrees with EPC customers to enter into a settled agreement for the construction work during the construction.

Revenue represents: (i) an appropriate proportion of contract revenue from construction contracts under BOT arrangements, EPC arrangements and other construction service projects, net of tax and government surcharges; (ii) revenue from operation of WTPs, RWTPs, WDPs, STPs or other municipal infrastructure under BOT arrangements and TOT arrangements and the provision of Operation and Maintenance services; and (iii) financial income from service concession arrangements. The amounts of each of the significant categories of revenue during the year are as follows:

#### Revenue from contracts with customers

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Revenue from operating services	<b>1,251,647</b>	1,295,986
Revenue from construction services	<b>266,035</b>	173,630
Financial income from service concession arrangements	<b>743,600</b>	746,765
Total	<b><u>2,261,282</u></b>	<u>2,216,381</u>

### 3. REVENUE (continued)

#### Revenue from contracts with customers (continued)

##### (a) Disaggregated revenue information

For the year ended 31 December 2024

Segments	Urban Water	Water	Rural Water	Total
	Treatment	Environment	Improvement	
	RMB'000	Comprehensive	RMB'000	RMB'000
		Remediation		
		RMB'000		
<b>Revenue from contracts with customers</b>	<b>2,160,205</b>	<b>22,133</b>	<b>78,944</b>	<b>2,261,282</b>
<b>Geographical market</b>				
Mainland China	2,160,205	22,133	78,944	2,261,282
Total	2,160,205	22,133	78,944	2,261,282
<b>Timing of revenue recognition</b>				
Services transferred over time	2,160,205	22,133	78,944	2,261,282
Total	2,160,205	22,133	78,944	2,261,282

For the year ended 31 December 2023

Segments	Urban Water	Water	Rural Water	Total
	Treatment	Environment	Improvement	
	RMB'000	Comprehensive	RMB'000	RMB'000
		Remediation		
		RMB'000		
<b>Revenue from contracts with customers</b>	<b>2,123,024</b>	<b>43,438</b>	<b>49,919</b>	<b>2,216,381</b>
<b>Geographical market</b>				
Mainland China	2,123,024	43,438	49,919	2,216,381
Total	2,123,024	43,438	49,919	2,216,381
<b>Timing of revenue recognition</b>				
Services transferred over time	2,123,024	43,438	49,919	2,216,381
Total	2,123,024	43,438	49,919	2,216,381

### 3. REVENUE (continued)

#### Revenue from contracts with customers (continued)

##### (a) Disaggregated revenue information (continued)

Revenue from construction services, operating services of waste water treatment, reclaimed water treatment, water distribution and sludge treatment and financial income from service concession arrangements are recognised over time.

##### (b) Performance obligations

The aggregate amount of the transaction prices allocated to the performance obligations of BOT and TOT arrangements that are unsatisfied (or partially unsatisfied) as at 31 December 2024 was RMB33 billion (2023: RMB33 billion). The performance obligations expected to be recognised in more than one year relate to the services to be performed in respect of the BOT and TOT arrangements. The amounts disclosed above do not include variable consideration which is constrained.

### 4. OTHER INCOME AND GAINS

	2024 RMB'000	2023 RMB'000
Government grants*	25,178	20,230
Interest income from loans to a third party	15,643	20,087
Bank interest income	2,215	2,522
Interest income from loans to an associate and a joint venture	1,985	1,663
Rental income less depreciation of investment properties	619	1,274
Dividend income from equity investments designated at fair value through other comprehensive income	–	9,602
Foreign exchange differences, net	–	510
Others	21,174	3,901
	<u>66,814</u>	<u>59,789</u>
Total	<u>66,814</u>	<u>59,789</u>

\* Government grants primarily represented the value-added tax refund and the environmental protection funds for environmental technological improvements granted by government authorities. Certain environmental protection funds related to the upgrading of WTPs granted by government authorities are recognised as deferred income that is recognised in profit or loss on a systematic basis over the expected upgrade interval cycle. There are no unfulfilled conditions or contingencies relating to these grants.

### 5. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on interest-bearing bank and other borrowings	544,126	578,563
Interest on lease liabilities	85	156
	<u>544,211</u>	<u>578,719</u>
Total	<u>544,211</u>	<u>578,719</u>



## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b>	2023 <b>RMB'000</b>
Cost of construction services		<b>208,253</b>	206,487
Cost of operation services		<b>964,015</b>	933,900
Total cost of services		<b><u>1,172,268</u></b>	<u>1,140,387</u>
Depreciation of property, plant and equipment		<b>5,221</b>	5,758
Depreciation of right-of-use assets		<b>1,069</b>	1,172
Amortisation of service concession intangible assets		<b>118,958</b>	87,244
Amortisation of other intangible assets		<b>343</b>	395
Impairment of financial receivables <sup>#</sup>	9	<b>46,608</b>	829
Impairment of contract assets <sup>#</sup>	10	<b>99</b>	(147)
Impairment of trade receivables <sup>#</sup>	11	<b>19,478</b>	30,646
Impairment of other receivables <sup>#</sup>		<b>6,804</b>	2,593
Lease payments not included in the measurement of lease liabilities		<b>325</b>	389
Auditor's remuneration		<b>2,552</b>	2,552
Employee benefit expense (including directors' remuneration):			
Wages, salaries and allowances, social securities and benefits		<b>228,251</b>	235,984
Equity-settled share option expense		<b>5,141</b>	–
Pension scheme contributions (defined contribution scheme)*		<b>25,669</b>	25,078
Total employee benefit expense		<b><u>259,061</u></b>	<u>261,062</u>
Operating lease income		<b>(1,237)</b>	(1,409)
Less: Depreciation of investment properties		<b>618</b>	135
Rental income less depreciation of investment properties	4	<b>(619)</b>	(1,274)
Bank interest income	4	<b>(2,215)</b>	(2,522)
Government grants	4	<b>(25,178)</b>	(20,230)
Interest income from loans to a third party	4	<b>(15,643)</b>	(20,087)
Interest income from loans to a joint venture and an associate	4	<b>(1,985)</b>	(1,663)
Loss on disposal of items of property, plant and equipment, net		<b>10</b>	32
Loss on disposal of an associate		–	5,781
Foreign exchange differences, net		<b>2,228</b>	(510)

<sup>#</sup> The impairment of financial receivables, the impairment of contract assets, the impairment of trade receivables and the impairment of other receivables are included in "Other expenses" in profit or loss.

<sup>\*</sup> There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current		
— Mainland China	37,414	44,749
Deferred	<u>27,948</u>	<u>58,977</u>
Total tax charge for the year	<u><u>65,362</u></u>	<u><u>103,726</u></u>

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,139,735,000 (2023: 2,139,735,000) outstanding during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Earnings:</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u><u>167,998</u></u>	<u><u>124,753</u></u>
	<b>Number of shares</b>	
	2024	2023
<b>Shares:</b>		
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted earnings per share calculation	<u><u>2,139,735,000</u></u>	<u><u>2,139,735,000</u></u>

## 9. FINANCIAL RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Receivables under service concession arrangements	<b>11,677,750</b>	11,595,265
Impairment	<b>(3,769)</b>	(3,015)
Net carrying amount	<b>11,673,981</b>	11,592,250
Portion classified as current assets	<b>(2,041,985)</b>	(2,079,291)
Non-current portion	<b>9,631,996</b>	9,512,959

Receivables for service concession arrangements arose from the service concession contracts to build and operate WTPs or STPs and were recognised to the extent that the Group has an unconditional contractual right to receive cash from or at the direction of the Grantor.

Financial receivables were unbilled receivables mainly due from governmental authorities in Mainland China, as the Grantors in respect of the Group's service concession arrangements. The Group does not hold any collateral or other credit enhancements over these balances. Financial receivables represent contract assets as the rights to considerations have yet to be unconditional.

The movements in the loss allowance for impairment of financial receivables are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At beginning of year	<b>3,015</b>	2,186
Impairment losses	<b>46,608</b>	829
Transfer to assets held for sale	<b>(45,854)</b>	–
At end of year	<b>3,769</b>	3,015

An impairment analysis is performed at each reporting date using a provision matrix. The provision matrix is initially based on the probabilities of default rates which are estimated based on historical observed default rates and published credit ratings of credit bonds issued in Mainland China. The calculation reflects the probability-weighted outcome, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forward-looking credit risk information.

The increase in the loss allowance was mainly due to the increase in the gross carrying amount of financial receivables.

As at 31 December 2024, the Group's financial receivables with a carrying value of RMB7,238,507,000 (2023: RMB7,957,461,000) were pledged to secure certain interest-bearing bank and other borrowings granted to the Group (note 13).

## 10. CONTRACT ASSETS

	<b>31 December 2024 RMB'000</b>	31 December 2023 RMB'000
Contract assets arising from:		
Construction services	<b>546,557</b>	1,255,667
Impairment	<u>(770)</u>	<u>(671)</u>
Net carrying amount	<u><b>545,787</b></u>	<u>1,254,996</u>
Portion classified as current assets	<u>(53,057)</u>	<u>(77,629)</u>
Non-current portion	<u><b>492,730</b></u>	<u>1,177,367</u>

Contract assets are initially recognised for revenue earned from construction services as the receipt of consideration is conditional on successful completion of construction. Included in contract assets for construction services are retention receivables. Upon completion of installation or construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to intangible assets and contract assets included in financial receivables under service concession arrangements and operating concession for BOT arrangements and trade receivables for other construction contracts when the rights to considerations are unconditional. The decrease in contract assets in 2024 was the result of the completion of construction services.

The movements in the loss allowance for impairment of contract assets are as follows:

	<b>2024 RMB'000</b>	2023 RMB'000
At beginning of the year	<b>671</b>	818
Impairment losses, net ( <i>note 6</i> )	<u><b>99</b></u>	<u>(147)</u>
At end of the year	<u><b>770</b></u>	<u>671</u>

An impairment analysis is performed at each reporting date using the probability of default approach to measure expected credit losses. The probabilities of default rates are estimated based on default rates and published credit ratings of credit bonds issued in Mainland China. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forward-looking credit risk information.

At 31 December 2024, the Group's contract assets with a carrying value of RMB70,277,000 (2023: RMB12,590,000) were pledged to secure certain interest-bearing bank and other borrowings granted to the Group (*note 13*).

Included in the Group's contract assets are amounts due from the Group's associates of RMB39,442,000 (2023: RMB38,928,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

## 11. TRADE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	<b>3,299,208</b>	2,918,555
Impairment	<b>(129,520)</b>	(110,042)
Net carrying amount	<b><u>3,169,688</u></b>	<b><u>2,808,513</u></b>

The Group's major customers are the PRC government authorities or agencies. The Group not only provides construction service and operation service pursuant to its service concession arrangements, but also provides construction service under other construction service projects.

Trade receivables represent the unsettled amounts being billed to the customers in accordance with the terms specified in the contracts governing the relevant transactions. The Group does not have a standardised and universal credit period granted to the construction service customers. The credit period for individual customers of construction service is considered on a case-by-case basis. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from the Group's associates of RMB99,297,000 (2023: RMB108,664,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

At 31 December 2024, the Group's trade receivables with a carrying value of RMB1,444,439,000 (2023: RMB1,181,567,000) were pledged to secure certain interest-bearing bank and other borrowings granted to the Group (note 13).

An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	<b>530,805</b>	531,465
4 to 6 months	<b>428,710</b>	388,458
7 to 12 months	<b>585,175</b>	460,962
Over 12 months	<b><u>1,624,998</u></b>	<u>1,427,628</u>
Total	<b><u>3,169,688</u></b>	<b><u>2,808,513</u></b>

## 11. TRADE RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
At beginning of the year	<b>110,042</b>	79,396
Impairment losses, net ( <i>note 6</i> )	<b>19,478</b>	30,646
	<hr/>	<hr/>
At end of the year	<b>129,520</b>	110,042
	<hr/> <hr/>	<hr/> <hr/>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

### As at 31 December 2024

	Within 3 months	4 to 6 months	7 to 12 months	Over 12 months	Total
Expected credit loss rate	0.98%	1.16%	1.59%	6.33%	3.93%
Gross carrying amount (RMB'000)	536,078	433,744	594,654	1,734,732	3,299,208
Expected credit losses (RMB'000)	5,273	5,034	9,479	109,734	129,520

### As at 31 December 2023

	Within 3 months	4 to 6 months	7 to 12 months	Over 12 months	Total
Expected credit loss rate	0.69%	0.91%	1.36%	6.33%	3.77%
Gross carrying amount (RMB'000)	535,163	392,008	467,319	1,524,065	2,918,555
Expected credit losses (RMB'000)	3,698	3,550	6,358	96,436	110,042

## 12. TRADE AND BILLS PAYABLES

Trade and bills payables are non-interest-bearing. The credit periods granted by each individual supplier are on a case-by-case basis and are set out in the supplier contracts.

For retention money payables included in trade payables, in respect of guarantees granted by the suppliers, the due dates usually range from one to two years after the completion of the construction work or the preliminary acceptance of equipment.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Bills payable ( <i>note (a)</i> )	20,155	102,928
TOT payables ( <i>note (b)</i> )	3,985	3,985
Trade payables	<u>1,825,580</u>	<u>1,906,620</u>
Total	<u><u>1,849,720</u></u>	<u><u>2,013,533</u></u>
Less: Non-current portion	<u>4</u>	<u>201</u>
Current portion	<u><u>1,849,716</u></u>	<u><u>2,013,332</u></u>

*Notes:*

- (a) As at 31 December 2024, the Group's bills payable were secured by the pledged deposits amounting to RMB20,155,000 (2023: RMB94,061,000).
- (b) TOT payables represented amounts due to the Grantors based on the payment schedules set out in the relevant TOT contracts at the end of the year.

An ageing analysis of the Group's trade and bills payables as at the end of the year is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	313,775	370,571
4 to 6 months	83,862	141,980
7 to 12 months	257,212	211,017
Over 12 months	<u>1,194,871</u>	<u>1,289,965</u>
Total	<u><u>1,849,720</u></u>	<u><u>2,013,533</u></u>

The carrying amounts of the current portion of the trade and bills payables approximate to their fair values.

Included in the Group's trade and bills payables are amounts due to the Group's associate of RMB10,120,000 (2023: RMB10,120,000).

### 13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2024			31 December 2023		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Lease liabilities	4.01-4.91	2025	427	4.21-4.91	2024	1,113
Bank loans — secured	2.90-4.50	2025	382,148	3.00-4.35	2024	388,797
Bank loans — unsecured	3.10-6.96	2025	1,272,985	2.60-6.96	2024	1,300,100
Current portion of long term bank loans — secured	3.60-6.00	2025	384,876	3.47-8.84	2024	1,017,333
Current portion of long term bank loans — unsecured	1.20-5.50	2025	99,811	1.20-5.50	2024	68,462
Current portion of long term other loans — secured	4.60-6.65	2025	682,358	4.84-7.14	2024	634,120
Current portion of long term other loans — unsecured	6.50-9.40	2025	138,599	7.50-8.43	2024	91,550
Total — current			2,961,204			3,501,475
Non-current						
Lease liabilities	4.01-4.91	2026-2039	1,521	4.21-4.91	2025-2039	1,503
Long term bank loans — secured	3.60-6.00	2026-2045	3,443,700	3.47-5.30	2025-2045	3,213,752
Long term bank loans — unsecured	1.20-5.50	2026-2039	512,415	1.20-5.50	2025-2026	540,935
Long term other loans — secured	4.60-6.65	2026-2034	1,765,963	4.84-7.14	2025-2030	1,788,617
Long term other loans — unsecured	6.50-9.40	2026-2027	927,473	7.50-8.43	2025-2026	870,753
Total — non-current			6,651,072			6,415,560
Total			9,612,276			9,917,035
Interest-bearing bank and other borrowings denominated in						
— RMB			9,587,658			9,787,315
— United States dollar			24,618			129,720
Total			9,612,276			9,917,035



### 13. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Analysed into:		
Interest-bearing bank and other borrowings repayable:		
Within one year	2,961,204	3,501,475
In the second year	2,694,703	1,978,297
In the third to fifth years, inclusive	2,218,571	2,391,240
Beyond five years	1,737,798	2,046,023
Total	<u>9,612,276</u>	<u>9,917,035</u>

The above secured interest-bearing bank and other borrowings are secured by certain assets with carrying values as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Property, plant and equipment	8,138	9,965
Investment properties	571	571
Financial receivables ( <i>note 9</i> )	7,238,507	7,957,461
Trade receivables ( <i>note 11</i> )	1,444,439	1,181,567
Pledged deposits	60,287	21,358
Service concession intangible assets	1,106,152	1,254,846
Contract assets ( <i>note 10</i> )	<u>70,277</u>	<u>12,590</u>

The Group's interest-bearing bank and other borrowings of RMB3,546,844,000 (2023: RMB3,827,272,000) were guaranteed by the Company's investments in certain subsidiaries.

The Group's interest-bearing bank and other borrowings of RMB432,350,000 (2023: RMB474,365,000) were guaranteed by a director of the Company.

### 14. EVENTS AFTER THE REPORTING PERIOD

No significant events took place subsequent to 31 December 2024.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

During the year ended 31 December 2024 (the “Reporting Period”), the Group’s principal business activities remained focusing on the Urban Water Treatment, followed by the existing projects of Water Environment Comprehensive Remediation and the Rural Water Improvement.

The scope of Urban Water Treatment includes the design, construction, upgrade and operation of WTPs, RWTPs, STPs, WDPs, and in the operation and maintenance of wastewater treatment facilities entrusted by governments (the “O&M”). The Group’s business has covered the overall industry chain in Urban Water Treatment industry by executing contracts of BOT, TOT, Public-Private-Partnership (the “PPP”), Build-Own-Operate (the “BOO”), EPC and O&M. The Group had 105 service concession arrangement projects under operation while its operational treatment capacity was over 4 million tons per day as at 31 December 2024.

The scope of Water Environment Comprehensive Remediation includes river harnessing and improvement, foul water body treatment and sponge city construction. The Group engages in Water Environment Comprehensive Remediation by executing previously signed contracts of PPP and EPC.

The scope of Rural Water Improvement includes the construction and operation related to “the Water Environment Facilities of Beautiful Village” such as: wastewater treatment facilities and pipeline construction for collecting wastewater so as to achieve rural living environment improvement. The Group started to carry out this business since 2016 by executing the contracts of PPP.

In the future, the Group will continuously focus on the business of Urban Water Treatment to get steady cash flows and invest in high-quality, value-adding upstream and downstream businesses of water industry. The Group is very confident about the Group’s prospects and future profitability and we will dedicate more efforts to enhance the profitability and effectiveness of the Group.

## 1.1 Urban Water Treatment

As at 31 December 2024, the Group had entered into a total of 110 service concession arrangements projects, including 104 wastewater treatment plants, 1 water distribution plant, 3 sludge treatment plants and 2 reclaimed water treatment plants. The Group will further expand its Urban Water Treatment chain in the future, in order to improve its profitability and competitiveness.

Analysis of the Group's projects on hand as at 31 December 2024 is as follows:

	<b>Daily wastewater treatment capacity</b>	<b>Daily water distribution capacity</b>	<b>Daily reclaimed water treatment capacity</b>	<b>Daily sludge treatment capacity</b>	<b>Total</b>
<i>(Tonnes)</i>					
In operation	4,089,500	–	65,000	550	4,155,050
Not yet start operation/ Not yet transferred	140,500	30,000	–	–	170,500
Total	<u>4,230,000</u>	<u>30,000</u>	<u>65,000</u>	<u>550</u>	<u>4,325,550</u>
<i>(Number of projects)</i>					
In operation	100	–	2	3	105
Not yet start operation/ Not yet transferred	4	1	–	–	5
Total	<u>104</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>110</u>

	<b>Number of projects</b>	<b>Treatment capacity (Tonnes/Day)</b>	<b>Actual processing volume during the year ended 31 December 2024 (Million Tonnes)</b>
<b>Wastewater treatment services</b>			
Shandong	47	1,270,000	365.2
Henan	22	1,040,000	315.8
Heilongjiang	6	425,000	142.5
Shanxi	2	350,000	117.0
Zhejiang	2	250,000	89.8
Guangdong	4	220,000	71.4
Anhui	2	160,000	57.9
Jiangsu	5	100,000	35.4
Other provinces/municipalities*	14	415,000	79.0
	104	4,230,000	1,274.0
<b>Water distribution services</b>	1	30,000	–
<b>Reclaimed water treatment services</b>	2	65,000	4.4
<b>Total</b>	<b>107</b>	<b>4,325,000</b>	<b>1,278.4</b>
<b>Sludge treatment services</b>	3	550	–
<b>Total</b>	<b>110</b>	<b>4,325,550</b>	<b>1,278.4</b>

\* Other provinces/municipalities include Beijing, Tianjin, Hebei, Jilin, Liaoning, Shaanxi, Sichuan and Fujian.

### *1.1.1 Operation Services*

As at 31 December 2024, the Group had 100 wastewater treatment projects, 2 reclaimed water treatment projects and 3 sludge treatment projects in operation in Mainland China. Total daily treatment capacity of wastewater treatment plants, reclaimed water treatment plants, and sludge treatment plants in operation for the year ended 31 December 2024 reached 4,089,500 tonnes (2023: 4,024,500 tonnes), 65,000 tonnes (2023: 65,000 tonnes), and 550 tonnes (2023: 550 tonnes), respectively. For the year ended 31 December 2024, the annualized utilization rate for wastewater and reclaimed water treatment plants in operation was approximately 85% (2023: 85%). The actual average water treatment tariff for the year ended 31 December 2024 was approximately RMB1.60 per tonne (2023: approximately RMB1.59 per tonne). The actual aggregate processing volume for the year ended 31 December 2024 was 1,278.4 million tonnes, representing a minor increase compared to the same period last year (year ended 31 December 2023: 1,265.7 million tonnes).

Total operation revenue of the Group's Urban Water Treatment services recorded for the year ended 31 December 2024 was RMB1,176.2 million, representing a decrease of approximately 7% as compared to the same period of last year (year ended 31 December 2023: RMB1,265.3 million). The corresponding decrease was primarily due to one-time deduction in revenue arising from post-project audits and the disposal of service concession projects in the Reporting Period.

### *1.1.2 Construction Services*

The Group entered into a number of service concession arrangements under BOT, BOO and PPP contracts in relation to its Urban Water Treatment business. Under the International Financial Reporting Interpretation Committee 12 Service Concession Arrangements, the Group recognises the construction revenue with reference to the fair value of the construction service delivered in the building phase. The fair value of such service is estimated on a cost-plus basis with reference to a prevailing market rate of gross margin at the inception date of service concession agreement. Construction revenue from BOT, BOO, PPP and EPC projects is recognized by using the percentage-of-completion method.

For the year ended 31 December 2024, construction revenue was recognised for 21 projects, including 17 wastewater treatment plants, 1 water distribution plant, 1 reclaimed water treatment plant, and 2 sludge treatment plants, which were mainly located in Shandong, Shanxi provinces and Tianjin city in Chinese Mainland. Total construction revenue of those projects for the year ended 31 December 2024 was RMB251.2 million, representing a year-on-year increase of approximately 108% (year ended 31 December 2023: RMB121.0 million). The corresponding increase was primarily due to an increase in construction work of new upgrade projects. As at 31 December 2024, the total daily treatment capacity of the service concession arrangements plants, which were still in the construction stage, was 50,500 tonnes, including 20,500 tonnes of wastewater treatment plants and 30,000 tonnes of water distribution plant.

## **1.2 Water Environment Comprehensive Remediation**

In the year of 2024, the Group continued to devote efforts to implementing the existing projects of Water Environment Comprehensive Remediation. As at 31 December 2024, most of the projects have been completed. The Group devoted efforts to lower the risk and enhance the reasonable profit for the existing projects. The Group will integrate resources to execute the Water Environment Comprehensive Remediation projects under the contracts of EPC and O&M.

The Group had 2 Water Environment Comprehensive Remediation projects under construction during the year ended 31 December 2024. The projects were mainly located in Jiangxi province in Chinese Mainland. For the year ended 31 December 2024, total revenue of those projects was RMB22.1 million, representing a decrease of approximately 49% as compared to the same period last year (year ended 31 December 2023: RMB43.4 million). The corresponding decrease was primarily due to the completion of most existing EPC projects.

## **1.3 Rural Water Improvement**

The Group had 2 Rural Water Improvement projects during the year ended 31 December 2024. The projects were located in Guangdong province in Chinese Mainland. For the year ended 31 December 2024, total revenue of those projects was RMB78.9 million, representing a year-on-year increase of approximately 58% (year ended 31 December 2023: RMB49.9 million). The corresponding increase was primarily due to net impact of the decrease in the construction revenue and the increased operation revenue due to the commenced operation of these two projects.

## **FINANCIAL ANALYSIS**

### **Revenue**

For the year ended 31 December 2024, the Group recorded a revenue of RMB2,261.3 million, representing an increase of RMB44.9 million as compared to the previous corresponding period of RMB2,216.4 million. The increase was mainly due to the increase in construction revenue of RMB92.4 million, and the decrease in operation revenue of RMB44.3 million, the increase in construction revenue was mainly due to the increase in construction work of new upgrade projects of Urban Water Treatment. The decrease in operation revenue was mainly due to one-time deduction in revenue arising from post-project audits and the disposal of service concession projects of Urban Water Treatment in the Reporting Period.

### **Cost of Sales**

The Group's cost of sales for the year ended 31 December 2024 amounted to RMB1,172.3 million, including construction costs of RMB208.3 million and operation costs of water treatment plants of RMB964.0 million, representing an increase of approximately 3% as compared to the previous corresponding period of RMB1,140.4 million. The increase was due to the increase in operation costs of RMB30.1 million and the increase in construction cost of RMB1.8 million. The increase in operation cost was mainly due to the increased operation numbers of upgrade and expansion projects, and the increases in costs of amortization. The increase in construction costs was mainly due to increase in construction work of new upgrade projects which was in line with the increase in construction revenue.

### **Gross Profit Margin**

For the year ended 31 December 2024, the Group's gross profit margin remained stable at 48.2% comparing with 48.5% for the previous corresponding period.

## **Other Income and Gains**

The Group recorded other income and gains of RMB66.8 million for the year ended 31 December 2024, representing an increase of approximately 12% as compared to the previous corresponding period of RMB59.8 million. The amount for the Reporting Period primarily included government grants of RMB25.2 million, which mainly comprised of VAT refund under “Notice on the Issuing of the Catalogue of Value-Added Tax Preferences for Products and Labor Services Involving the Comprehensive Utilization of Resources (Cai Shui [2015] No. 78)”\* (關於印發《資源綜合利用產品和勞務增值稅優惠目錄》的通知(財稅 [2015] 78 號文)) and grants for environmental protection, net debt restructuring income of RMB15.4 million, bank interest income of RMB2.2 million, interest income of RMB17.6 million from loans to a third party, a joint venture, and an associate, and investment income of RMB1.4 million.

## **Administrative Expenses**

The Group’s administrative expenses for the year ended 31 December 2024 was RMB284.0 million, representing a minor increase as compared to the previous corresponding period of RMB283.1 million.

## **Other Expenses**

Other expenses for the year ended 31 December 2024 was RMB88.3 million, representing an increase of approximately 103% as compared to the previous corresponding period of RMB43.4 million. The increase was mainly due to the increase in foreign exchange losses, non-operating expenses, losses on disposal of service concession assets, and impairment losses.

## **Finance Costs**

The Group’s finance costs for the year ended 31 December 2024 of RMB544.2 million mainly comprised interests on interest-bearing bank and other borrowings, representing a decrease of approximately 6% as compared to the previous corresponding period of RMB578.7 million. The decrease in finance costs was mainly due to the reduction on benchmark interest rates. The average balance of interest-bearing bank and other borrowings (including the portion transferred to liabilities held for sale amounting to RMB241.7 million) increased by RMB166.1 million and the average interest rate was 5.51%, representing a decrease of 0.44 percentage point as compared to the previous corresponding period.

\* For identification purposes only



## Share of Profits and Losses of Associates

The Group's share of profits of associates for the year ended 31 December 2024 was RMB1.1 million, representing a major decrease as compared to share of profits of associates of RMB4.7 million in the previous corresponding period. The Group will further execute practical ways to reduce the losses brought by the associates.

## Share of Profits and Losses of Joint ventures

Share of losses of joint ventures for the year ended 31 December 2024 was RMB3.1 million, representing a major increase as compared to share of losses of joint ventures of RMB0.3 million in the previous corresponding period. The Group will further execute practical ways to reduce the losses brought by the joint ventures.

## Income Tax Expense

Income tax expense for the year ended 31 December 2024 included the current PRC income tax of RMB37.4 million and deferred tax expenses of RMB28.0 million, which were RMB44.7 million and RMB59.0 million for the previous corresponding period, respectively. The Group's effective tax rate for the year ended 31 December 2024 was approximately 28%, representing a decrease of 16 percentage points as compared with approximately 44% for the previous corresponding period, which was mainly due to the increase in effect of lower tax rates for specific provinces or enacted by local authority and the comprehensive effects from tax losses.

## Financial Receivables

	As at	
	31 December 2024	31 December 2023
	RMB'000	RMB'000
Receivables for service concession arrangements	11,673,981	11,592,250
Portion classified as current	<u>(2,041,985)</u>	<u>(2,079,291)</u>
Non-current portion	<u>9,631,996</u>	<u>9,512,959</u>

As at 31 December 2024, the Group's financial receivables of RMB11,674.0 million (31 December 2023: RMB11,592.3 million) increased by RMB81.7 million, which was mainly due to the increase in financial receivables which were reclassified from contract assets once the construction and upgrade period is ended for the water treatment projects, which were partially offset by the portion transferred to assets held for sale.

## Contract Assets

	As at	
	31 December 2024 RMB'000	31 December 2023 RMB'000
Contract assets	545,787	1,254,996
Portion classified as current	<u>(53,057)</u>	<u>(77,629)</u>
Non-current portion	<u>492,730</u>	<u>1,177,367</u>

As at 31 December 2024, the Group's contract assets of RMB545.8 million (31 December 2023: RMB1,255.0 million), decreased by RMB709.2 million, mainly due to the net impact of reclassification from contract assets to financial receivables and the increase of construction of the Group's projects under BOT, PPP, and EPC contracts.

## Trade Receivables

As at 31 December 2024, the Group's trade receivables (including the portion transferred to assets held for sale amounting to RMB24.7 million) of RMB3,194.4 million (31 December 2023: RMB2,808.5 million) mainly arose from the provision of wastewater treatment and sludge treatment services for Urban Water Treatment projects as well as construction services for the Group's Water Environment Comprehensive Remediation projects. The balance increased by RMB385.9 million, mainly due to (i) the increase in Urban Water Treatment projects receivables of approximately RMB393.2 million, (ii) the net decrease of Water Environment Comprehensive Remediation projects receivables of approximately RMB60.5 million, which included EPC project receivables of approximately RMB14.4 million arising from the progress billing and cash collection or offsetting of trade receivables from EPC and BT projects of approximately RMB74.9 million, and (iii) the increase in Rural Water Improvement projects receivables of approximately RMB72.7 million.

## Prepayments, Other Receivables and Other Assets

As at 31 December 2024, the Group's prepayments, other receivables and other assets of RMB779.4 million (31 December 2023: RMB929.0 million) decreased by RMB149.6 million, mainly arising from the decrease in receivables of disposal an associate of approximately RMB144.9 million, the decrease in prepayments and deposits of approximately RMB14.0 million related to the construction of wastewater treatment plants, the decrease in loans to a third party of RMB2.3 million, the decrease in deductible input VAT of approximately RMB4.0 million, the net increase in loans to an associate and a joint venture of approximately RMB3.1 million, and the increase in other operational receivables and staff advances of approximately RMB19.3 million.

## Cash and Cash Equivalents

As at 31 December 2024, the Group's cash and cash equivalents (including the portion transferred to assets held for sale amounting to RMB54.9 million) of RMB177.1 million (31 December 2023: RMB248.4 million) decreased by RMB71.3 million as compared with that as at the end of previous period. The decrease was due to the increase in cash outflows in financing activities of the Group.

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	<i>RMB'000</i>
Net cash flows from operating activities <sup>(1)</sup>	<b>403,143</b>	292,922
Net cash flows from investing activities	<b>151,770</b>	12,804
Net cash flows used in financing activities	<b>(626,024)</b>	(257,108)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	<b>(71,111)</b>	48,618
Effect of foreign exchange rate changes	<b>(153)</b>	2,804
Cash and cash equivalents at beginning of the period	<b>248,360</b>	196,938
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	<b>177,096</b>	248,360
Cash and cash equivalents attributable to a disposal group classified as held for sale	<b>(54,938)</b>	–
Cash and cash equivalents as stated in the statement of financial position	<b>122,158</b>	248,360
	<hr/> <hr/>	<hr/> <hr/>

### *Note:*

- (1) For the year ended 31 December 2024 and 2023, the Group invested RMB165.1 million and RMB258.4 million, respectively, in the Group's BOT/TOT and PPP projects. Such investments were accounted for as cash flows used in operating activities. Under the relevant accounting treatment, part of such cash outflows used in operating activities was used to form the non-current portion of financial receivables and contract assets in the Group's consolidated statement of financial position. For the year ended 31 December 2024 and 2023, the Group would have incurred cash inflows of RMB568.2 million and RMB551.3 million, respectively, if the Group's investments in BOT/TOT and PPP activities were not accounted for as cashflows used in operating activities.

## **Trade and Bills Payables**

As at 31 December 2024, the Group's trade and bills payables of RMB1,849.7 million (31 December 2023: RMB2,013.5 million) decreased by RMB163.8 million, which was in line with the execution of the Group's construction work in progress and the settlements.

## **Other Payables and Accruals**

As at 31 December 2024, the Group's other payables and accruals of RMB142.0 million (31 December 2023: RMB207.9 million), decreased by RMB65.9 million, which was mainly due to the decrease in payables for the acquisitions, decrease in amounts due to related parties, which were partially offset by the increase in salary and welfare payables and other operational payables.

## **Liquidity and Financial Resources**

The Group's principal liquidity and capital requirements primarily relate to investments in Urban Water Treatment projects, Water Environment Comprehensive Remediation projects, and Rural Water Improvement projects, merger and acquisition of subsidiaries, costs and expenses related to the operation and maintenance of the Group's facilities, working capital and general corporate purpose.

As at 31 December 2024, the carrying amount of the Group's cash and cash equivalents (including the portion transferred to assets held for sale amounting to RMB54.9 million) was RMB177.1 million, representing a decrease of approximately RMB71.3 million as compared to RMB248.4 million as at 31 December 2023, which was mainly due to the net cash inflows of RMB403.1 million from operating activities, the net cash outflows used in financing activities of RMB626.0 million, cash outflows of RMB52.1 million for purchases of property, plant and equipment and intangible assets in investing activities, cash inflows of RMB0.6 million for dividend collected from an associate, cash inflows of RMB1.4 million for investment income, cash inflows of RMB2.3 million for decrease in loans to a third party, cash inflows of RMB19.7 million for disposal of property, plant and equipment and equity interests in a subsidiary from investing activities, cash inflows of RMB35.0 million for decrease in pledged deposits, and cash inflows of RMB144.9 million for disposal an associate from investing activities.

As at 31 December 2024, the Group's total interest-bearing debts (including the portion transferred to liabilities held for sale amounting to RMB241.7 million) decreased to RMB9,854.0 million (31 December 2023: RMB9,917.0 million), which comprised of bank and other borrowings only. As at 31 December 2024, 69.4% (31 December 2023: 64.7%) of the Group's interest-bearing debts are long term; over 69% of interest-bearing bank and other borrowings bear interest at floating rates.

As at 31 December 2024, the Group had banking facilities amounting to RMB58,314.4 million, of which RMB50,475.6 million have not been utilized. The unutilized amount of RMB49,632.0 million were mainly limited to be utilized on environmental protection infrastructure and comprehensive management.

As at 31 December 2024, the gearing ratio of the Group (calculated by total liabilities divided by total assets) decreased to 68.6%, while the gearing ratio was 69.6% as at the corresponding period last year.

### **Charges on the Group's Assets**

Outstanding balance of interest-bearing bank and other borrowings (including the portion transferred to liabilities held for sale amounting to RMB241.7 million) as at 31 December 2024 was approximately RMB9,854.0 million, which were repayable within one month to twenty years and were secured by financial receivables, service concession intangible assets, property, plant and equipment, investment properties, trade receivables, equity interests in an investment company, and contract assets of which the total amounts of the pledge of assets amounted to RMB10,725.6 million.

### **Capital Expenditure**

During the year ended 31 December 2024, the Group's total capital expenditure were RMB203.8 million, compared to RMB127.1 million in 2023, primarily including the consideration of approximately RMB186.8 million for construction and acquisition of BOT, TOT, BOO and PPP projects and the consideration of approximately RMB16.1 million for acquisition of non-controlling interests in subsidiaries.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group had 2,285 employees as at 31 December 2024. The remuneration package of the Group is generally determined with reference to market conditions and individual performance. Salaries are normally reviewed annually based on performance appraisals and other relevant factors. The Group provides external and internal training programs to its employees.

In respect of pension scheme contributions, the Group adopts a defined contribution plan. The Group's contributions to the defined contribution plan are recognised as expenses when incurred. Forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may not be used by the Group and its subsidiaries to reduce the existing level of contributions.

## **CONTINGENT LIABILITIES**

As at 31 December 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

## **FOREIGN EXCHANGE RISK**

Majority of the subsidiaries of the Company operate in the PRC with most of the transactions denominated and settled in RMB. As at 31 December 2024, except for the bank deposits and certain amount of interest-bearing bank borrowings denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations. Currently, the Group has not used derivative financial instruments to hedge its foreign currency risk.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed, no significant events took place subsequent to 31 December 2024.

## **PROPOSED FINAL DIVIDEND**

The Board did not recommend payment of the final dividend for the year ended 31 December 2024 (year ended 31 December 2023: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The transfer books and register of members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025, both days inclusive, during which period no transfer of the share(s) of the Company (the “Shares”) can be registered. The record date for entitlement to attend and vote at the forthcoming annual general meeting of the Company (the “Annual General Meeting”) is Friday, 6 June 2025. In order to be qualified for attending and voting at the Annual General Meeting, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 2 June 2025.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on information publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company’s total issued share capital, the prescribed minimum percentage of public float approved by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and permitted under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”), are held by the public at all times during the year ended 31 December 2024 and up to the date of this announcement.

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders of the Company and to enhance corporate value and accountability. During the year ended 31 December 2024, the Company has complied with all the applicable provisions of the Corporate Governance Code (“CG Code”) as set out in Appendix C1 to the Listing Rules.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “Audit Committee”) currently comprises three independent non-executive Directors, namely Mr. Chau Kam Wing (Chairman of Audit Committee), Mr. Peng Yongzhen and Mr. Chang Qing.

The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting process, internal control and risk management systems, oversee the audit process, monitor, review and assist in the research of the Company’s environmental, social and governance matters, and perform other duties and responsibilities as assigned by the Board. The Audit Committee has reviewed and approved the final results for the year ended 31 December 2024 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control and risk management systems. The Audit Committee considers that appropriate accounting policies have been adopted in the preparation of relevant results and sufficient disclosures have been made.

## **SCOPE OF WORK OF THE COMPANY’S AUDITOR IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Company’s auditor, Ernst & Young, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Federation of Accountants and consequently no assurance has been expressed by Ernst & Young on this preliminary announcement.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the year ended 31 December 2024.



## **PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

## **PUBLICATION OF THE CONSOLIDATED ANNUAL RESULTS AND 2024 ANNUAL REPORT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY**

This annual results announcement is published on the websites of the Hong Kong Stock Exchange and the Company, and the 2024 annual report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Hong Kong Stock Exchange and the Company in due course.

By order of the Board  
**KANGDA INTERNATIONAL ENVIRONMENTAL COMPANY LIMITED**  
**LI Zhong**  
*Chairman*

Hong Kong, 31 March 2025

*As at the date of this announcement, the Board comprises eight Directors, namely Mr. LI Zhong, Ms. LIU Yujie, Mr. DUAN, Jerry Linnan, and Mr. ZHOU Wei as executive Directors; Mr. ZHAO Juanxian (alias, ZHAO Junxian) as non-executive Director; and Mr. CHAU Kam Wing Donald, Mr. CHANG Qing and Mr. PENG Yongzhen as independent non-executive Directors.*