



中國水務集團有限公司\*

China Water Affairs Group Limited

Stock code : 855



Interim Report  
2025/26

\* For identification purposes only

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive

Mr. Duan Chuan Liang (*Chairman*)  
Ms. Ding Bin  
Mr. Li Zhong  
Mr. Duan Jerry Linnan

#### Non-executive

Mr. Li Hao  
Mr. Bai Li  
Mr. Xu Yan (*appointed on 2 October 2025*)  
Ms. Wang Xiaoqin  
Ms. Liu Yu Jie  
(*resigned on 2 October 2025*)

#### Independent Non-executive

Mr. Chau Kam Wing  
Mr. Siu Chi Ming  
Ms. Ho Ping  
Mr. Xiao Zhe

### AUDIT COMMITTEE

Mr. Chau Kam Wing  
(*Chairman of committee*)  
Mr. Siu Chi Ming  
Ms. Ho Ping  
Mr. Xiao Zhe

### REMUNERATION COMMITTEE

Mr. Chau Kam Wing  
(*Chairman of committee*)  
Mr. Siu Chi Ming  
Ms. Ho Ping  
Mr. Xiao Zhe

### NOMINATION COMMITTEE

Mr. Duan Chuan Liang  
(*Chairman of committee*)  
Mr. Chau Kam Wing  
Mr. Siu Chi Ming  
Ms. Ho Ping

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 6408, 64/F  
Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

### HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road, Admiralty  
Hong Kong

### LEGAL ADVISERS

*As to Bermuda law*  
Conyers Dill & Pearman

### AUDITOR

Ernst & Young  
Certified Public Accountants  
Registered Public Interest Entity Auditor

### PRINCIPAL BANKER

Asian Development Bank  
Bank of East Asia  
China Construction Bank  
Industrial and Commercial Bank of China  
Shanghai Pudong Development Bank Co., Ltd

### STOCK CODE

855

### WEBSITE

[www.chinawatergroup.com](http://www.chinawatergroup.com)

**City water supply business**

- Serving an estimated population of more than 30 million people
- Water pipelines of over 151,000 km

**Pipeline direct drinking water supply business**

- Serving an estimated population of approximately 12 million people

**Environmental protection business**

Sewage treatment operation and construction  
(including water environmental renovation construction projects)



Drainage operation



## FINANCIAL HIGHLIGHTS

	Six months ended 30 September		
	2025 (unaudited) HK\$'000	2024 (unaudited) HK\$'000	Change
<b>RESULTS HIGHLIGHTS</b>			
Revenue	5,183,257	5,952,633	-12.9%
Gross profit	1,827,001	2,286,230	-20.1%
Profit for the period	955,561	1,238,001	-22.8%
Profit for the period attributable to owners of the Company	571,251	755,649	-24.4%
Basic earnings per share (HK cents)	35.12	46.29	-24.1%
Diluted earnings per share (HK cents)	35.12	46.29	-24.1%
Interim dividend (HK cents)	13	13	—

	As at		
	30 September 2025 (unaudited) HK\$'000	31 March 2025 (audited) HK\$'000	Change
<b>BALANCE SHEET HIGHLIGHTS AND RATIOS</b>			
Total assets	67,826,821	65,891,643	2.9%
Total liabilities	43,600,546	44,018,957	-1.0%
Net assets	24,226,275	21,872,686	10.8%
Net assets per share <sup>1</sup>	8.43	8.07	4.5%
Current ratio	0.75	0.82	
Gearing ratio <sup>2</sup>	64.3%	66.8%	

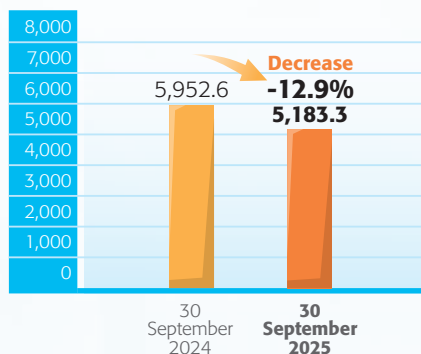
<sup>1</sup> Net assets per share =  $\frac{\text{Equity attributable to owners of the Company}}{\text{Number of issued shares at period/year end}}$

<sup>2</sup> Gearing ratio =  $\frac{\text{Total liabilities}}{\text{Total assets}}$

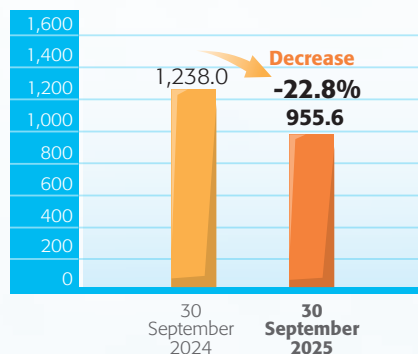
## FINANCIAL HIGHLIGHTS

The Group's total revenue and profit for the period:

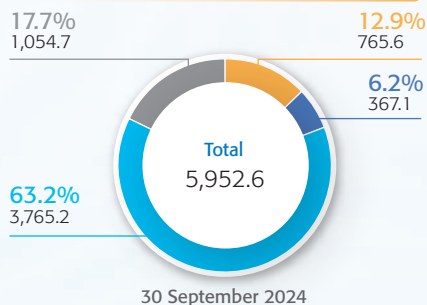
### Total revenue (HK\$ million)



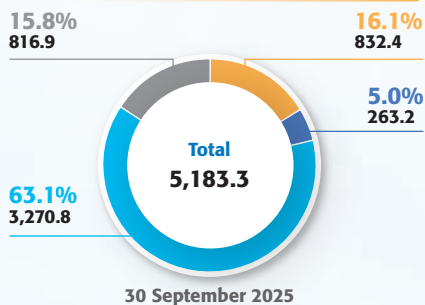
### Total profit (HK\$ million)



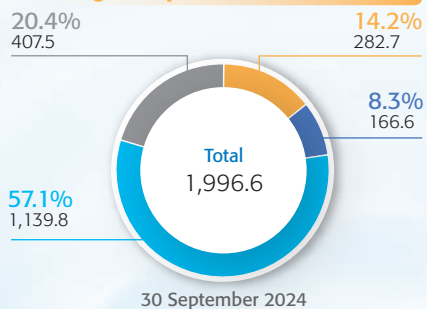
### Total segment revenue (HK\$ million)



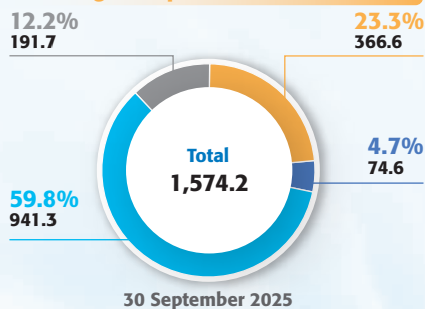
### Total segment revenue (HK\$ million)



### Total segment profit (HK\$ million)



### Total segment profit (HK\$ million)



City water supply business

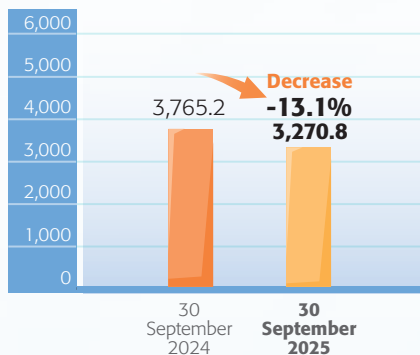
Pipeline direct drinking water supply business

Environmental protection business

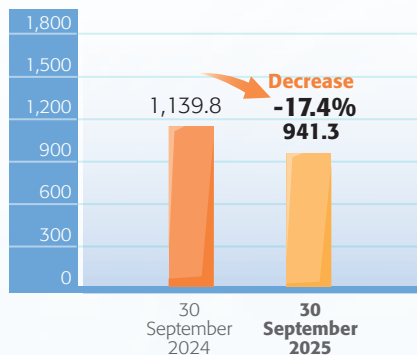
Main contractor construction and others

## 1. City Water Supply Business Analysis

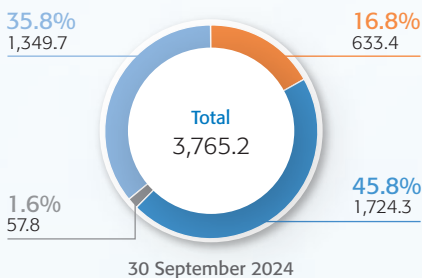
**Revenue** (HK\$ million)



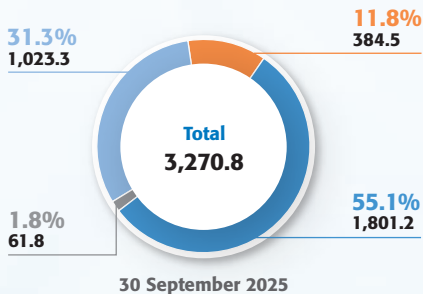
**Profit** (HK\$ million)



**Revenue by nature** (HK\$ million)



**Revenue by nature** (HK\$ million)



City water supply  
operations

City water supply installation and  
maintenance services

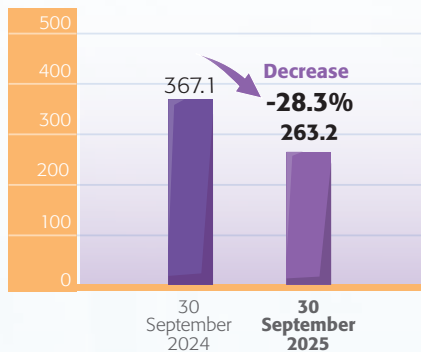
City water supply  
construction services

Others

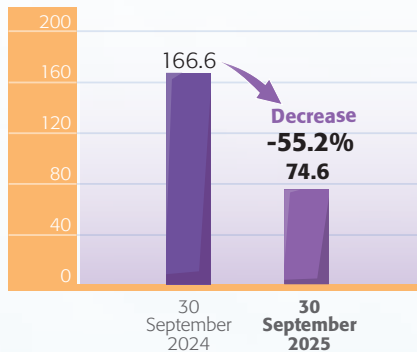


## 2. Pipeline Direct Drinking Water Supply Business Analysis

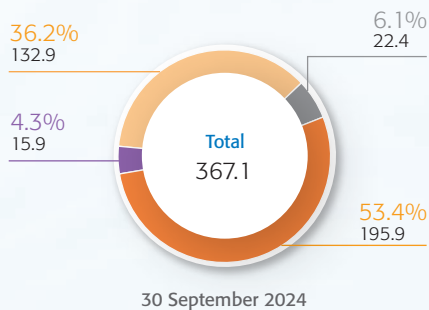
**Revenue** (HK\$ million)



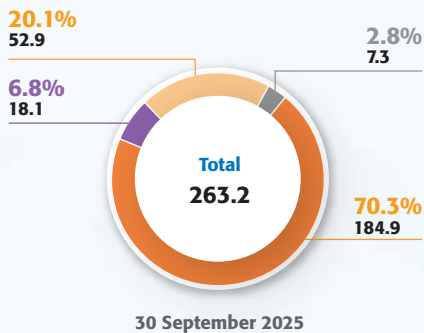
**Profit** (HK\$ million)



**Revenue by nature** (HK\$ million)



**Revenue by nature** (HK\$ million)



Pipeline direct drinking water supply operations

Pipeline direct drinking water supply installation and maintenance services

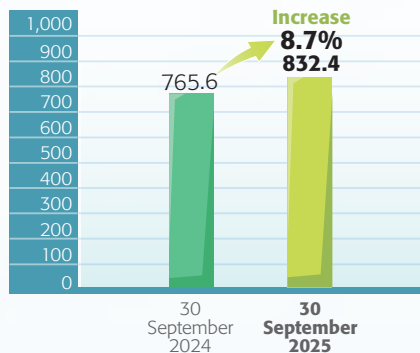
Pipeline direct drinking water supply construction services

Others

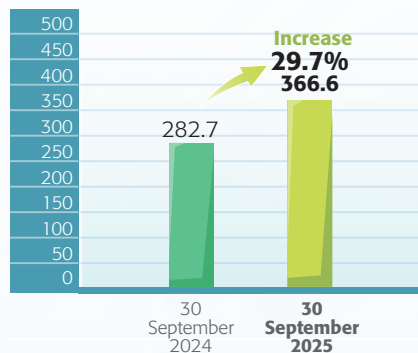


### 3. Environmental Protection Business Analysis

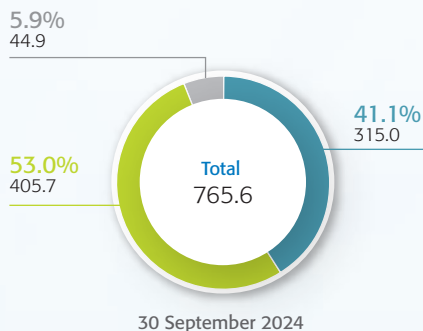
Revenue (HK\$ million)



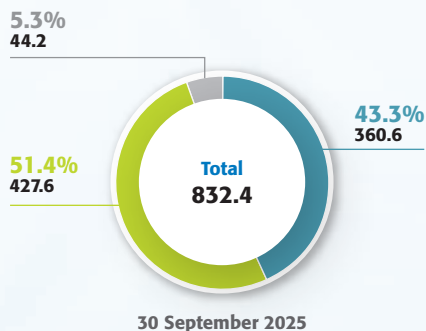
Profit (HK\$ million)



Revenue by nature (HK\$ million)



Revenue by nature (HK\$ million)



Sewage treatment and  
drainage operations services

Sewage treatment and water environmental  
renovation construction services

Others



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## INDEPENDENT REVIEW REPORT

### To the board of directors of China Water Affairs Group Limited

(originally incorporated in the Cayman Islands and re-domiciled in Bermuda with limited liability)

## Introduction

We have reviewed the interim financial information set out on pages 10 to 37, which comprises the condensed consolidated statement of financial position of China Water Affairs Group Limited (the "Company") and its subsidiaries (the "Group") as at 30 September 2025 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

## Other matter

Without modifying our opinion, we draw attention to the fact that the financial information for the six-month period ended 30 September 2024 (the "Interim Comparative Information") has not been audited or reviewed.

## Ernst & Young

*Certified Public Accountants*

Hong Kong  
28 November 2025

The board of directors (the “Board”) of China Water Affairs Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2025, together with the comparative figures for the corresponding period in 2024, as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2025 (unaudited) HK\$'000	2024 (unaudited) HK\$'000
	Notes		
<b>Revenue</b>	5	<b>5,183,257</b>	5,952,633
Cost of sales		<b>(3,356,256)</b>	(3,666,403)
<b>Gross profit</b>		<b>1,827,001</b>	2,286,230
Other income, net	5	<b>228,645</b>	212,984
Selling and distribution costs		<b>(73,132)</b>	(83,294)
Administrative expenses		<b>(363,828)</b>	(396,786)
Expected credit loss on trade receivables		<b>(10,000)</b>	—
<b>Operating profit</b>	7	<b>1,608,686</b>	2,019,134
Finance costs	8	<b>(351,945)</b>	(427,334)
Share of results of associates		<b>(38,863)</b>	45,441
<b>Profit before income tax</b>		<b>1,217,878</b>	1,637,241
Income tax expense	9	<b>(262,317)</b>	(399,240)
<b>Profit for the period</b>		<b>955,561</b>	1,238,001

**CONDENSED CONSOLIDATED INCOME STATEMENT (Continued)**

		<b>Six months ended 30 September</b>	
		<b>2025</b>	2024
		<b>(unaudited)</b>	(unaudited)
		<b>HK\$'000</b>	HK\$'000
<i>Notes</i>			
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>571,251</b>	755,649
Non-controlling interests		<b>384,310</b>	482,352
		<b>955,561</b>	1,238,001
<b>Earnings per share for profit attributable to owners of the Company during the period</b>			
	10	<b>HK cents</b>	HK cents
Basic		<b>35.12</b>	46.29
Diluted		<b>35.12</b>	46.29

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Six months ended 30 September</b>	
	<b>2025 (unaudited) HK\$'000</b>	2024 (unaudited) HK\$'000
<b>Profit for the period</b>	<b>955,561</b>	1,238,001
<b>Other comprehensive income/(loss)</b>		
<i>Items that have been or may be reclassified subsequently to profit or loss:</i>		
– Fair value changes on derivative financial instruments	<b>(21,172)</b>	–
– Currency translation	<b>342,774</b>	326,997
– Recycling of currency translation differences upon disposal or deregistration of subsidiaries	<b>405</b>	–
<i>Items that will not be reclassified to profit or loss:</i>		
– Change in fair value of financial assets at fair value through other comprehensive income	<b>3,479</b>	5,685
– Share of other comprehensive income of an associate	<b>2,486</b>	3,421
<b>Other comprehensive income for the period, net of tax</b>	<b>327,972</b>	336,103
<b>Total comprehensive income for the period</b>	<b>1,283,533</b>	1,574,104
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	<b>807,660</b>	998,506
Non-controlling interests	<b>475,873</b>	575,598
	<b>1,283,533</b>	1,574,104

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		<b>As at</b>	
		<b>30 September 2025 (unaudited) HK\$'000</b>	<b>31 March 2025 (audited) HK\$'000</b>
	<i>Notes</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	<b>2,643,253</b>	2,532,627
Right-of-use assets	12	<b>1,360,813</b>	1,332,683
Investment properties		<b>1,473,109</b>	1,457,690
Investment in associates	13	<b>2,250,092</b>	2,266,806
Financial assets at fair value through other comprehensive income	14	<b>359,151</b>	361,214
Goodwill		<b>1,372,042</b>	1,362,565
Other intangible assets	12	<b>35,254,012</b>	34,155,770
Prepayments, deposits and other receivables	16	<b>661,275</b>	679,244
Contract assets		<b>2,488,047</b>	2,080,110
Receivables under service concession arrangements		<b>2,050,672</b>	2,043,187
		<b>49,912,466</b>	48,271,896
<b>Current assets</b>			
Properties under development		<b>633,175</b>	610,162
Properties held for sale		<b>1,329,597</b>	1,328,890
Inventories		<b>759,310</b>	672,520
Contract assets		<b>3,007,491</b>	2,936,615
Receivables under service concession arrangements		<b>155,446</b>	151,464
Trade and bills receivables	15	<b>3,032,874</b>	2,527,194
Financial assets at fair value through profit or loss		<b>315,385</b>	5,435
Amounts due from non-controlling equity holders of subsidiaries		<b>395,616</b>	394,652
Amounts due from associates		<b>868,747</b>	1,118,031
Prepayments, deposits and other receivables	16	<b>2,872,647</b>	2,424,756
Pledged deposits		<b>501,811</b>	678,233
Cash and cash equivalents		<b>4,042,256</b>	4,771,795
		<b>17,914,355</b>	17,619,747

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

		As at	
		30 September 2025 (unaudited) HK\$'000	31 March 2025 (audited) HK\$'000
	Notes		
<b>Current liabilities</b>			
Lease liabilities		47,558	47,059
Contract liabilities		906,005	854,323
Trade and bills payables	17	8,415,539	8,087,089
Accrued liabilities, deposits received and other payables	18	2,783,021	2,995,083
Amounts due to associates		27,774	29,995
Borrowings	19	8,045,366	5,735,988
Amounts due to non-controlling equity holders of subsidiaries		236,224	212,917
Provision for tax		3,426,911	3,446,970
		<b>23,888,398</b>	<b>21,409,424</b>
<b>Net current liabilities</b>		<b>(5,974,043)</b>	<b>(3,789,677)</b>
<b>Total assets less current liabilities</b>		<b>43,938,423</b>	<b>44,482,219</b>
<b>Non-current liabilities</b>			
Borrowings	19	16,411,054	19,449,230
Lease liabilities		405,954	408,271
Contract liabilities		257,625	249,810
Amounts due to non-controlling equity holders of subsidiaries		716,534	777,323
Deferred government grants		177,190	180,534
Deferred tax liabilities		1,743,791	1,544,365
		<b>19,712,148</b>	<b>22,609,533</b>
<b>Net assets</b>		<b>24,226,275</b>	<b>21,872,686</b>



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

		As at	
		30 September	31 March
		2025	2025
		(unaudited)	(audited)
		HK\$'000	HK\$'000
	Notes		
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	21	16,323	16,323
Reserves		13,744,017	13,155,624
		<b>13,760,340</b>	13,171,947
<b>Non-controlling interests</b>		<b>10,465,935</b>	8,700,739
<b>Total equity</b>		<b>24,226,275</b>	21,872,686

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2025 (unaudited) HK\$'000	2024 (unaudited) HK\$'000
Net cash inflow from operating activities	<b>390,607</b>	715,128
Net cash outflow from investing activities	<b>(1,260,915)</b>	(1,347,304)
Net cash inflow from financing activities	<b>112,310</b>	515,020
Decrease in cash and cash equivalents	<b>(757,998)</b>	(117,156)
Cash and cash equivalents at beginning of period	<b>4,771,795</b>	4,804,799
Effect of foreign exchange rates, net	<b>28,459</b>	2,204
Cash and cash equivalents at end of period	<b><u>4,042,256</u></b>	<u>4,689,847</u>
Analysis of balances of cash and cash equivalents		
Bank and cash balances	<b><u>4,042,256</u></b>	<u>4,689,847</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Company															
	Share capital	Proposed dividend	Treasury Shares	Share premium	Capital redemption reserve	Contributed surplus	Exchange fluctuation reserve	Share options reserve	Other reserves	Financial assets at fair value through other comprehensive income revaluation reserve	Hedging reserves	Statutory reserves	Retained earnings	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2025 (audited)	16,323	244,132	(27,600)	281,716	3,304	32,373	(1,592,576)	96,808	(10,697)	(80,924)	-	1,659,451	12,549,637	13,171,947	8,700,739	21,872,686
Share repurchase	-	-	(4,968)	-	-	-	-	-	-	-	-	-	-	(4,968)	-	(4,968)
Share repurchase expenses	-	-	(16)	-	-	-	-	-	-	-	-	-	-	(16)	-	(16)
Transactions with non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	29,724	-	-	-	-	29,724	(52,031)	(22,307)
Disposal or deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,445)	(12,445)
Capital injection by non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,484,115	1,484,115
Final dividend approved	-	(244,132)	-	-	-	-	-	-	-	-	-	-	125	(244,007)	-	(244,007)
Dividend paid to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(130,316)	(130,316)
Transactions with owners	-	(244,132)	(4,984)	-	-	-	-	-	29,724	-	-	-	125	(219,267)	1,289,323	1,070,056
Proposed interim dividend	-	211,473	-	-	-	-	-	-	-	-	-	-	(211,473)	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	571,251	571,251	384,310	955,561
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Change in fair value of financial assets at fair value through other comprehensive income (note 14(i))	-	-	-	-	-	-	-	-	-	3,479	-	-	-	3,479	-	3,479
- Fair value changes on derivative financial instruments	-	-	-	-	-	-	-	-	-	(21,172)	-	-	-	(21,172)	-	(21,172)
- Currency translation	-	-	-	-	-	-	251,211	-	-	-	-	-	-	251,211	91,563	342,774
- Share of other comprehensive income of an associate	-	-	-	-	-	-	-	-	1,157	1,329	-	-	-	2,486	-	2,486
- Recycling of reserves upon deemed disposal of partial shareholding in an associate	-	-	-	-	-	-	-	-	(570)	301	-	-	269	-	-	-
- Recycling of currency translation differences upon disposal or deregistration of subsidiaries	-	-	-	-	-	-	405	-	-	-	-	-	-	405	-	405
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	251,616	-	587	5,109	(21,172)	-	571,520	807,660	475,873	1,283,533
Balance at 30 September 2025 (unaudited)	16,323	211,473	(32,584)	281,716	3,304	32,373	(1,340,960)	96,808	19,614	(75,815)	(21,172)	1,659,451	12,909,809	13,760,340	10,465,935	24,226,275

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Equity attributable to owners of the Company													
	Share capital HK\$'000	Proposed dividend HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	Share options reserve HK\$'000	Other reserves HK\$'000	Financial assets at fair value through other comprehensive income revaluation reserve HK\$'000	Statutory reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 April 2024 (audited)	16,323	244,848	281,716	3,304	32,373	(1,368,397)	96,808	(2,898)	(107,994)	1,469,423	12,121,287	12,786,793	8,665,749	21,452,542
Transactions with non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	(29,961)	-	-	-	(29,961)	29,359	(602)
Capital injection by non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	15,487	15,487
Final dividend approved	-	(244,848)	-	-	-	-	-	-	-	-	-	(244,848)	-	(244,848)
Dividend paid to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(227,976)	(227,976)
Transactions with owners	-	(244,848)	-	-	-	-	-	(29,961)	-	-	-	(274,809)	(183,130)	(457,939)
Proposed interim dividend	-	212,202	-	-	-	-	-	-	-	-	(212,202)	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	-	-	755,649	755,649	482,352	1,238,001
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Change in fair value of financial assets at fair value through other comprehensive income (note 14(i))	-	-	-	-	-	-	-	-	5,685	-	-	5,685	-	5,685
- Currency translation	-	-	-	-	-	233,751	-	-	-	-	-	233,751	93,246	326,997
- Share of other comprehensive income of an associate	-	-	-	-	-	-	-	2,077	1,344	-	-	3,421	-	3,421
Total comprehensive income for the period	-	-	-	-	-	233,751	-	2,077	7,029	-	755,649	998,506	575,598	1,574,104
Balance at 30 September 2024 (unaudited)	16,323	212,202	281,716	3,304	32,373	(1,134,646)	96,808	(20,782)	(100,965)	1,469,423	12,664,734	13,510,490	9,058,217	22,568,707

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1. Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2025 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2025, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

As at 30 September 2025, the Group's current liabilities exceeded its current assets by approximately HK\$5,974.0 million (31 March 2025: HK\$3,789.7 million). The directors of the Company are of the view that the Group will be able to meet its liabilities as they fall due in the next twelve months, taking into account of the cashflow generated from operations, the internal financial resources, available loan and financing facilities and offers, and new loan and financing facilities currently under negotiation. The Group had unused loan and financing facilities, offers and notes registered principle amount of approximately HK\$13.3 billion as at 30 September 2025 (31 March 2025: HK\$13.4 billion). On 15 October 2025, the Company had contracted with various financial institutions as initial purchasers, in connection with the issue and sale of 5.875% senior notes due 2030 in the aggregate principal amount of US\$150,000,000. The directors of the Company believe that the Group will be able to renew or extend its existing loan and financing facilities and to drawdown from the unused loan and financing facilities and offers when needed. The Group will also continue to seek new loan and financing facilities and offers at terms acceptable to the Group. The Group therefore continues to adopt the going concern basis in preparing its unaudited interim condensed consolidated financial statements.

### 2. Principal accounting policies

The principal accounting policies adopted in preparing these interim condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 March 2025 except for the adoption of the new standards and amendments to HKFRSs issued by the HKICPA that have become effective for accounting period beginning on 1 April 2025.

In the current interim period, the Group has applied the following new standard and amendments to HKFRSs issued by HKICPA:

HKAS 21 (Amendments)	Lack of Exchangeability
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The amendments to standards adopted by the Group did not have material impact on the Group's financial position and performance.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of the new and revised standards, amendments or interpretations to the Group but is not yet in a position to state whether they would have material financial impact on the Group's financial position and performance.

### 3. Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2025.

### 4. Financial risk management and fair value measurements

#### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2025.

There have been no changes in the risk management policies since year ended 31 March 2025.

#### 4.2 Fair value estimation

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1:	quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2:	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3:	inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's financial assets that are measured at fair value at 30 September 2025:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Assets</b>				
Financial assets at fair value through other comprehensive income	1,298	–	357,853	359,151
Financial assets at fair value through profit or loss	–	–	315,385	315,385
Net fair values (unaudited)	<u>1,298</u>	<u>–</u>	<u>673,238</u>	<u>674,536</u>

The following table presents the Group's financial assets that are measured at fair value at 31 March 2025:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Assets</b>				
Financial assets at fair value through other comprehensive income	1,116	–	360,098	361,214
Financial assets at fair value through profit or loss	–	–	5,435	5,435
Net fair values (audited)	<u>1,116</u>	<u>–</u>	<u>365,533</u>	<u>366,649</u>

There have been no significant transfers between the levels in the reporting periods.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.



#### 4.3 Information about Level 3 fair value measurement

The fair value of financial assets at fair value through other comprehensive income was valued by APAC Appraisal and Consulting Limited, an independent firm of professional valuer, or by the Group. The Group used market approach to determine its fair value.

Financial assets at fair value through profit or loss mainly comprise wealth management products and structured deposits issued by various licensed banks in the People's Republic of China (the "PRC"). The Group mainly used income method of discounted cash flows to determine its fair value.

The movements during the period/year in the balance of these Level 3 fair value measurements are as follows:

	30 September 2025 (unaudited) HK\$'000	31 March 2025 (audited) HK\$'000
<b>Financial assets at fair value through other comprehensive income:</b>		
Opening balance	<b>360,098</b>	343,893
Changes in fair value recognised in other comprehensive income	<b>3,297</b>	18,478
Additions	<b>–</b>	1,465
Disposals	<b>(9,499)</b>	–
Exchange realignment	<b>3,957</b>	(3,738)
Ending balance	<b>357,853</b>	360,098
<b>Financial assets at fair value through profit or loss:</b>		
Opening balance	<b>5,435</b>	491,668
Net purchase/(disposal)	<b>309,950</b>	(486,233)
Ending balance	<b>315,385</b>	5,435

## 5. Revenue and other income

Revenue derived from the Group's principal activities, which is also the Group's turnover, recognised during the period is as follows:

	<b>Six months ended 30 September</b>	
	<b>2025 (unaudited) HK\$'000</b>	<b>2024 (unaudited) HK\$'000</b>
<b>Revenue:</b>		
<b>Point in time</b>		
City water supply operations	<b>1,801,219</b>	1,724,342
Pipeline direct drinking water supply operations	<b>184,902</b>	195,857
Sales of goods	<b>324,632</b>	269,652
Sales of properties	<b>304</b>	241,334
Others	<b>112,487</b>	97,165
	<b>2,423,544</b>	2,528,350
<b>Overtime</b>		
City water supply installation and maintenance services	<b>556,304</b>	778,962
Pipeline direct drinking water supply installation and maintenance services	<b>7,254</b>	22,420
City water supply construction services	<b>1,163,772</b>	1,619,811
Pipeline direct drinking water supply construction services	<b>52,864</b>	132,881
Sewage treatment and drainage operations services	<b>360,613</b>	314,988
Sewage treatment and water environmental renovation construction services	<b>489,500</b>	412,856
Hotel and rental income	<b>41,470</b>	53,841
Finance income	<b>29,376</b>	28,222
Handling income	<b>19,834</b>	20,821
Others	<b>38,726</b>	39,481
	<b>2,759,713</b>	3,424,283
<b>Total</b>	<b>5,183,257</b>	5,952,633
<b>Other income, net:</b>		
Interest income	<b>110,267</b>	97,418
Government grants and subsidies (note)	<b>92,006</b>	94,689
Amortisation of deferred government grants	<b>5,302</b>	5,261
Dividend income from financial assets	<b>743</b>	4,520
Gain on disposal or deregistration of subsidiaries, net	<b>1,197</b>	–
Gain on disposal of property, plant and equipment, net	<b>186</b>	234
Gain on disposal of right-of-use assets	<b>–</b>	4,379
(Loss)/gain on disposal of other intangible assets, net	<b>(527)</b>	10
Miscellaneous income, net	<b>19,471</b>	6,473
<b>Total</b>	<b>228,645</b>	212,984

Note: Government grants and subsidies mainly comprised unconditional subsidies for subsidising the Group's water supply and other businesses.

## 6. Segment information

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors, which are the Group's chief operating decision-maker for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable segments:

- (i) "City water supply" involves the provision of city water supply operations and construction, installation and maintenance services and other services;
- (ii) "Pipeline direct drinking water supply" involves the provision of pipeline direct drinking water supply operations and construction, installation and maintenance services and other services;
- (iii) "Environmental protection" involves the provision of sewage treatment and drainage operations and construction services, solid waste and hazardous waste business, environmental sanitation and water environment management;
- (iv) "Main contractor construction" involves the provision of municipal public construction services by the Group's subsidiary which possesses Grade 1 main contractor qualification; and
- (v) "Property development and investment" segment involves development of properties for sale and investment in properties for long-term rental yields or for capital appreciation.

Information about other business activities and operating segments that are not reportable are combined and disclosed in "All other segments".

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its consolidated financial statements prepared under HKFRSs, except that finance costs, share of results of associates, corporate income, corporate expense, income tax expense and gain on disposal or deregistration of subsidiaries, net are excluded from segment results.

Segment assets exclude corporate assets (mainly comprises cash and cash equivalents and pledged deposits), financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and investment in associates.

Unallocated corporate income mainly comprises interest income and dividend income from financial assets.

Unallocated corporate expenses mainly comprise salaries and wages, operating leases and other operating expenses of the Company and the investment holding companies.

**For the period ended 30 September 2025**

	City water supply (unaudited) HK\$'000	Pipeline direct drinking water supply (unaudited) HK\$'000	Environmental protection (unaudited) HK\$'000	Main contractor construction (unaudited) HK\$'000	Property development and investment (unaudited) HK\$'000	All other segments (unaudited) HK\$'000	Inter-segment elimination (unaudited) HK\$'000	Total (unaudited) HK\$'000
<b>Revenue</b>								
From external customers	3,270,822	263,208	832,375	398,246	16,955	401,651	-	5,183,257
From inter-segment	26,583	3,428	3,301	182,308	-	-	(215,620)	-
<b>Segment revenue</b>	<u>3,297,405</u>	<u>266,636</u>	<u>835,676</u>	<u>580,554</u>	<u>16,955</u>	<u>401,651</u>	<u>(215,620)</u>	<u>5,183,257</u>
<b>Segment profit</b>	<u>941,272</u>	<u>74,586</u>	<u>366,574</u>	<u>158,344</u>	<u>464</u>	<u>32,917</u>	<u>-</u>	<u>1,574,157</u>
Unallocated corporate income								125,899
Unallocated corporate expense								(91,370)
Finance costs								(351,945)
Share of results of associates	9,860	-	(31,682)	-	-	(17,041)	-	(38,863)
Profit before income tax								1,217,878
Income tax expense								(262,317)
<b>Profit for the period</b>								<u>955,561</u>
<b>Total segment assets</b>	<u>38,270,545</u>	<u>4,641,247</u>	<u>7,389,237</u>	<u>3,091,318</u>	<u>3,998,363</u>	<u>1,736,782</u>	<u>-</u>	<u>59,127,492</u>

For the period ended 30 September 2024

	City water supply (unaudited) HK\$'000	Pipeline direct drinking water supply (unaudited) HK\$'000	Environmental protection (unaudited) HK\$'000	Main contractor construction (unaudited) HK\$'000	Property development and investment (unaudited) HK\$'000	All other segments (unaudited) HK\$'000	Inter-segment elimination (unaudited) HK\$'000	Total (unaudited) HK\$'000
<b>Revenue</b>								
From external customers	3,765,200	367,099	765,620	423,968	252,740	378,006	-	5,952,633
From inter-segment	10,714	1,948	31,485	613,133	-	-	(657,280)	-
<b>Segment revenue</b>	<u>3,775,914</u>	<u>369,047</u>	<u>797,105</u>	<u>1,037,101</u>	<u>252,740</u>	<u>378,006</u>	<u>(657,280)</u>	<u>5,952,633</u>
<b>Segment profit/(loss)</b>	<u>1,139,769</u>	<u>166,552</u>	<u>282,734</u>	<u>398,290</u>	<u>12,899</u>	<u>(3,686)</u>	<u>-</u>	<u>1,996,558</u>
Unallocated corporate income								102,432
Unallocated corporate expense								(79,856)
Finance costs								(427,334)
Share of results of associates	10,869	(223)	34,365	-	-	430	-	45,441
Profit before income tax								1,637,241
Income tax expense								(399,240)
<b>Profit for the period</b>								<u>1,238,001</u>
<b>Total segment assets</b>	<u>35,914,123</u>	<u>4,357,347</u>	<u>6,677,889</u>	<u>2,907,346</u>	<u>4,000,487</u>	<u>3,208,458</u>	<u>-</u>	<u>57,065,650</u>

The Group's revenue from external customers and its non-current assets located in geographical areas other than the PRC are less than 10% of the aggregate amount of all segments.

## 7. Operating profit

Operating profit is arrived at after charging:

	<b>Six months ended 30 September</b>	
	<b>2025 (unaudited) HK\$'000</b>	<b>2024 (unaudited) HK\$'000</b>
Depreciation of property, plant and equipment	<b>57,615</b>	81,403
Depreciation of right-of-use assets	<b>41,447</b>	43,699
Amortisation of other intangible assets	<b>486,469</b>	457,362

**8. Finance costs**

	<b>Six months ended 30 September</b>	
	<b>2025 (unaudited) HK\$'000</b>	<b>2024 (unaudited) HK\$'000</b>
Interest on bank loans	<b>467,872</b>	562,916
Interest on other loans	<b>173,411</b>	153,492
Interest on amounts due to non-controlling equity holders of subsidiaries	<b>5,037</b>	3,174
Interest on lease liabilities	<b>11,656</b>	12,475
Total borrowing costs	<b>657,976</b>	732,057
Less: interest capitalised included in property, plant and equipment, investment properties, contract assets, other intangible assets and properties under development	<b>(306,031)</b>	(304,723)
	<b>351,945</b>	427,334

**9. Income tax expense**

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the period (2024: Nil). Income tax expense for other jurisdictions is calculated at the rates of taxation prevailing in the relevant jurisdictions.

	<b>Six months ended 30 September</b>	
	<b>2025 (unaudited) HK\$'000</b>	<b>2024 (unaudited) HK\$'000</b>
Current income tax: – the PRC ( <i>note</i> )	<b>283,974</b>	372,289
Deferred tax	<b>(21,657)</b>	26,951
Total income tax expense	<b>262,317</b>	399,240

*Note:* The provision for PRC current income tax is based on a statutory income tax rate of 25% (2024: 25%) of the assessable income of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC.

Certain subsidiaries operating in the PRC enjoy a preferential income tax rate of 5% to 15% (2024: 5% to 15%) of their assessable income.

## 10. Earnings per share for profit attributable to owners of the Company

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of HK\$571,251,000 (2024: HK\$755,649,000) and the weighted average of 1,626,786,000 (2024: 1,632,322,000) ordinary shares in issue during the period.

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during the financial period ended 30 September 2025 and 2024.

## 11. Dividend

Dividend attributable to the interim period:

	<b>Six months ended 30 September</b>	
	<b>2025 (unaudited) HK\$'000</b>	<b>2024 (unaudited) HK\$'000</b>
Interim dividend		
– HK\$0.13 (2024: HK\$0.13) per ordinary share	<b>211,473</b>	<b>212,202</b>

The interim dividends proposed after the reporting date for the financial period ended 30 September 2025 and 2024 were not recognised as a liability at the reporting date.

## 12. Property, plant and equipment, right-of-use assets and other intangible assets

During the six months ended 30 September 2025, the addition in property, plant and equipment amounted to HK\$141,897,000 (31 March 2025: HK\$291,491,000); right-of-use assets amounted to HK\$37,204,000 (31 March 2025: HK\$19,642,000); and other intangible assets amounted to HK\$1,159,094,000 (31 March 2025: HK\$3,463,793,000).

## 13. Investment in associates

The movement of the carrying amount of investment in associates for the six months ended 30 September 2025 was as follows:

	<b>Six months ended 30 September 2025 (unaudited) HK\$'000</b>
Opening balance	<b>2,266,806</b>
Additions	<b>8,434</b>
Share of loss	<b>(38,863)</b>
Share of other comprehensive income	<b>2,486</b>
Dividend paid	<b>(13,447)</b>
Exchange realignment	<b>24,676</b>
Ending balance	<b>2,250,092</b>



During the six months ended 30 September 2025, the exercise of 167,273,500 share options of Kangda International Environmental Company Limited ("Kangda") at the exercise price of HK\$0.30 per share held by the options holders resulted in the issuance of 167,273,500 ordinary shares of HK\$0.01 each in Kangda for a total cash consideration of HK\$50,182,000. Pursuant to the results of the offers closed on 22 September 2025, the Group's ownership interest in Kangda was reduced from 28.46% to 27.41% and a deemed loss on disposal of HK\$64.2 million was recorded.

#### 14. Financial assets at fair value through other comprehensive income

(i) *Equity investments at fair value through other comprehensive income*

	Original currency	As at	
		30 September 2025 (unaudited) HK\$'000	31 March 2025 (audited) HK\$'000
Listed equity securities in Hong Kong	HK\$	1,298	1,116
Unlisted equity securities outside Hong Kong	RMB	357,853	360,098
		<b>359,151</b>	<b>361,214</b>

(ii) *Amount recognised in consolidated income statement and other comprehensive income*

During the period, the following gain was recognised in profit or loss and other comprehensive income.

	Six months ended 30 September	
	2025 (unaudited) HK\$'000	2024 (unaudited) HK\$'000
Change in fair value of financial assets at fair value through other comprehensive income	3,479	5,685
Dividend income from financial assets (note 5)	743	4,520

**15. Trade and bills receivables**

The ageing analysis of trade and bills receivables based on the invoice dates is as follows:

	<b>As at</b>	
	<b>30 September 2025 (unaudited) HK\$'000</b>	<b>31 March 2025 (audited) HK\$'000</b>
0 to 90 days	<b>1,492,637</b>	1,271,916
91 to 180 days	<b>444,308</b>	312,754
Over 180 days	<b>1,095,929</b>	942,524
	<b>3,032,874</b>	2,527,194

The Group has a policy of allowing trade customers with credit terms of normally within 90 days except for certain construction, installation and maintenance projects for which settlement is made in accordance with the terms specified in the contracts governing the relevant transactions.

**16. Prepayments, deposits and other receivables**

		<b>As at</b>	
	<i>Notes</i>	<b>30 September 2025 (unaudited) HK\$'000</b>	<b>31 March 2025 (audited) HK\$'000</b>
<b>Non-current</b>			
Prepayments	(i)	<b>406,701</b>	432,213
Other receivables		<b>254,574</b>	247,031
		<b>661,275</b>	679,244
<b>Current</b>			
Prepayments		<b>574,860</b>	554,919
Other receivables	(ii)	<b>2,297,787</b>	1,869,837
		<b>2,872,647</b>	2,424,756

*Notes:*

- (i) The balances mainly represented the prepayments for construction services.
- (ii) The balances mainly represented receivables from certain government authorities for funds advancements; and various other receivables including receivables from customers for various municipal service charges on behalf of certain government authorities in the PRC.

The directors of the Company consider that the fair values of current portion of other receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

**17. Trade and bills payables**

The ageing analysis of trade and bills payables based on the invoice dates is as follows:

	<b>As at</b>	
	<b>30 September 2025 (unaudited) HK\$'000</b>	<b>31 March 2025 (audited) HK\$'000</b>
0 to 90 days	<b>3,426,525</b>	3,954,796
91 to 180 days	<b>1,799,635</b>	1,632,956
Over 180 days	<b>3,189,379</b>	2,499,337
	<b><u>8,415,539</u></b>	<b><u>8,087,089</u></b>

The credit terms of trade and bills payables vary according to the terms agreed with different suppliers.

As at 30 September 2025, the bills payables of HK\$1,243,960,000 (31 March 2025: HK\$1,042,501,000) were secured by the pledged bank deposits of HK\$354,497,000 (31 March 2025: HK\$469,093,000).

**18. Accrued liabilities, deposits received and other payables**

	<b>As at</b>	
	<b>30 September 2025 (unaudited) HK\$'000</b>	<b>31 March 2025 (audited) HK\$'000</b>
Accrued liabilities	<b>221,914</b>	287,812
Deposits received	<b>85,558</b>	105,179
Other payables ( <i>note</i> )	<b><u>2,475,549</u></b>	<u>2,602,092</u>
	<b><u>2,783,021</u></b>	<b><u>2,995,083</u></b>

*Note:* Other payables mainly included various municipal service charges received on behalf of certain government authorities in the PRC of HK\$677,798,000 (31 March 2025: HK\$621,873,000), payables for other PRC tax surcharges and construction costs, and payables for the Company's final dividend of HK\$244,007,000 (31 March 2025: interim dividend of HK\$212,153,000).

**19. Borrowings**

		<b>As at</b>	
		<b>30 September 2025 (unaudited) HK\$'000</b>	<b>31 March 2025 (audited) HK\$'000</b>
Original currency			
<b>Current</b>			
Bank loans – unsecured	RMB	<b>2,531,377</b>	2,677,873
Bank loans – secured	RMB	<b>1,420,778</b>	1,672,860
Bank loans – unsecured	USD	<b>468,750</b>	745,480
Bank loans – unsecured	HK\$	<b>690,000</b>	280,000
Other loans – unsecured	USD	<b>2,771,031</b>	72,656
Other loans – secured	RMB	<b>71,666</b>	144,012
Other loans – secured	USD	<b>91,764</b>	91,764
Government loans – unsecured	RMB	<b>–</b>	51,343
		<b>8,045,366</b>	5,735,988
<b>Non-current</b>			
Bank loans – unsecured	RMB	<b>1,628,910</b>	1,510,973
Bank loans – secured	RMB	<b>7,348,289</b>	7,439,318
Bank loans – unsecured	USD	<b>3,345,435</b>	3,369,280
Bank loans – unsecured	HK\$	<b>1,134,700</b>	1,133,604
Other loans – unsecured	RMB	<b>1,847,021</b>	1,832,057
Other loans – unsecured	USD	<b>502,838</b>	3,190,264
Other loans – secured	RMB	<b>382,072</b>	707,537
Other loans – secured	USD	<b>221,789</b>	266,197
		<b>16,411,054</b>	19,449,230
		<b>24,456,420</b>	25,185,218

**20. Pledge of assets**

Details of the pledge of assets of the Group for securing certain loan facilities and bills payables at 30 September 2025 were as follows:

- (a) pledge of water and sewage treatment revenue of certain subsidiaries;
- (b) charges over shares of certain subsidiaries of the Group;
- (c) charges over property, plant and equipment in which their aggregate carrying amount as at 30 September 2025 was HK\$222,326,000 (31 March 2025: HK\$406,430,000);
- (d) charges over right-of-use assets in which their aggregate carrying amount as at 30 September 2025 was HK\$201,595,000 (31 March 2025: HK\$230,164,000);
- (e) charges over investment properties in which their aggregate carrying amount as at 30 September 2025 was HK\$1,346,264,000 (31 March 2025: HK\$1,445,978,000);
- (f) charges over other intangible assets in which their aggregate carrying amount as at 30 September 2025 was HK\$1,171,217,000 (31 March 2025: HK\$1,396,020,000);
- (g) charges over the financial assets at fair value through other comprehensive income in which their aggregate carrying amount as at 30 September 2025 was HK\$240,659,000 (31 March 2025: HK\$234,783,000);
- (h) charges over the Group's bank deposits in amount of HK\$501,811,000 as at 30 September 2025 (31 March 2025: HK\$678,233,000); and
- (i) charges over receivables under services concession arrangements in which their aggregate carrying amount as at 30 September 2025 was HK\$182,320,000 (31 March 2025: HK\$200,650,000).

**21. Share capital**

	Number of shares '000	Par value HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 30 September 2025 and 31 March 2025	<u>20,000,000</u>	<u>200,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 31 March 2024 (audited),		
31 March 2025 (audited) and		
at 30 September 2025 (unaudited)	<u>1,632,322</u>	<u>16,323</u>

During the six months ended 30 September 2025, the Company repurchased a total of 836,000 ordinary shares of HK\$0.01 each in the capital of the Company at an aggregate price of approximately HK\$4,968,000. The highest price paid and the lowest price paid were HK\$6.00 and HK\$5.77 per share respectively. Those repurchased shares with a repurchased cost of approximately HK\$4,984,000 (including expenses) were held as treasury shares as at 30 September 2025.

**22. Related party transactions**

In addition to the transactions and balances disclosed elsewhere in this interim report, the Group had the following material related party transactions during the interim period:

(a) *Compensation of key management personnel of the Group:*

	Six months ended 30 September	
	2025 (unaudited) HK\$'000	2024 (unaudited) HK\$'000
Total remuneration of directors and other members of key management during the period		
– Short term employee benefits	<b>14,644</b>	13,085
– Retirement scheme contribution	<b>349</b>	363
	<u><b>14,993</b></u>	<u>13,448</u>

## (b) Transactions with associates:

		Six months ended 30 September	
		2025 (unaudited) HK\$'000	2024 (unaudited) HK\$'000
	Notes		
Construction services	(i)	41,778	7,136
Sales of goods	(ii)	122,648	—
Interest income	(ii)	27,233	—

## Notes:

- (i) The Group provided construction services of approximately HK\$41,778,000 (2024: HK\$7,136,000) to subsidiaries of Kangda, an associate of the Group. The services were made with reference to the terms negotiated between both parties.
- (ii) The transactions with 杭州梁運儲運有限公司, an associate of the Group, were negotiated and carried out on an arm's length basis.
- (c) Purchases from a connected subsidiary:

		Six months ended 30 September	
		2025 (unaudited) HK\$'000	2024 (unaudited) HK\$'000
Purchases from a connected subsidiary		6,446	15,705

The Group purchased the pipeline direct drinking system related equipment and services of approximately HK\$6,446,000 (2024: HK\$15,705,000) from 江西銀麗直飲水設備有限公司 (Jiangxi Yinli Direct Drinking Equipment Co. Ltd.) ("Jiangxi Yinli"). The purchases were made in accordance with the terms of respective agreements. Jiangxi Yinli is a non-wholly owned subsidiary of the Company and ORIX China Investment Corporation ("ORIX CHINA") holds 20% of the equity interest in Jiangxi Yinli. ORIX CHINA is a subsidiary of ORIX Corporation which is a substantial shareholder of the Company. Jiangxi Yinli therefore is a connected subsidiary of the Company. The transactions also constituted continuing connected transactions as defined in Chapter 14A of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Further details of which were disclosed in the Company's announcement dated 28 February 2020 and 16 February 2023.



- (d) On 11 July 2025, Mr. Duan Chuan Liang ("Mr. Duan"), the chairman, executive director and substantial shareholder of the Company, being the holder of the exchangeable bonds, has served the notice to exchange for 546,728,004 shares, representing approximately 25.55% of the total issued share capital of Kangda. The exchange took place on 21 July 2025 and immediately upon the exchange completion, Mr. Duan and Sharp Profit Investments Limited ("Sharp Profit"), a wholly-owned subsidiary of the Company (which is presumed to be acting in concert with Mr. Duan), became interested in an aggregate of 1,155,718,004 shares of Kangda, representing approximately 54.01% of the total issued share capital of the Kangda. Sharp Profit is interested in approximately 28.46% of the total issued share capital of Kangda as at the date of exchange completion. As a result of the share exchange, Mr. Duan is required to make (or procure to be made on his behalf) a mandatory unconditional cash offer pursuant to Rule 26.1(b) of the Takeovers Code for all the shares (other than those already owned and/or agreed to be acquired by him and Sharp Profit). Mr. Duan and Sharp Profit will jointly make (or procure to be made) the share offer as joint offerors, and allocate the offer shares validly tendered for acceptance in the share offer to be taken up in the proportion of approximately 93.00% by Mr. Duan and approximately 7.00% by Sharp Profit. Mr. Duan will also be required to make (or procure to be made on his behalf) an appropriate offer to the optionholders for the outstanding share options granted under the share option scheme of Kangda to cancel all the outstanding share options by way of the option offer. Pursuant to the results of the offers closed on 22 September 2025, Sharp Profit's shareholding in Kangda was reduced from 28.46% to 27.41% and an one-off deemed loss on disposal amounting to HK\$64.2 million was recorded and included in share of results of associates during the six months ended 30 September 2025.

Mr. Duan is a substantial shareholder and a director of the Company and thus a connected person of the Group, including Sharp Profit under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The making of the share offer by Sharp Profit (or procure to be made on its behalf), being the Company's proportion, will constitute a deemed connected transaction for the Group under Rule 14A.20 of Chapter 14A of the Listing Rules. Since all the applicable percentage ratios under the Listing Rules are below 5%, the transaction involving acceptance of the Company's proportion in the share offer will be subject to the reporting and announcement requirements but is exempt from circular (including independent financial adviser's advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further details of which had been disclosed in the Company's announcement dated 21 July 2025, 8 August 2025, 1 September 2025 and 22 September 2025.

**23. Commitments***(i) Capital commitments*

At the reporting date, the Group had the following capital commitments:

	<b>As at</b>	
	<b>30 September 2025 (unaudited) HK\$'000</b>	<b>31 March 2025 (audited) HK\$'000</b>
Contracted, but not provided for		
– Other intangible assets	<b>262,037</b>	261,107
– Property, plant and equipment	<b>1,227</b>	1,214
	<b>263,264</b>	262,321

*(ii) Operating lease arrangement*

The Group leases its investment properties under operating lease arrangements for terms ranging from one to twenty years. Certain leases contain an option to renew the lease and renegotiate the terms at the expiry dates or at dates mutually agreed between the Group and the lessees. None of the leases include contingent rentals.

At the reporting date, the Group had total future minimum lease receipts under non-cancellable operating leases falling due as follows:

	<b>As at</b>	
	<b>30 September 2025 (unaudited) HK\$'000</b>	<b>31 March 2025 (audited) HK\$'000</b>
Within one year	<b>21,982</b>	21,769
In the second to fifth years, inclusive	<b>18,269</b>	23,716
After five years	<b>3,629</b>	4,057
	<b>43,880</b>	49,542

**24. Contingent liabilities**

At the reporting date, the Group had no material contingent liabilities.

**25. Approval of the interim condensed consolidated financial information**

These unaudited interim condensed consolidated financial information were approved and authorised for issue by the Board on 28 November 2025.

## **BUSINESS REVIEW, CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **INTERIM DIVIDEND**

The Board has resolved to declare an interim dividend of HK\$0.13 per ordinary share (2024: HK\$0.13 per ordinary share) for the six months ended 30 September 2025. The interim dividend is expected to be paid on or about Thursday, 18 June 2026 to the shareholders whose names appear on the register of members on Friday, 29 May 2026.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 27 May 2026 to Friday, 29 May 2026 both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to the interim dividend for the six months ended 30 September 2025, all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 26 May 2026.

### **BUSINESS REVIEW**

The Group's total revenue decreased from HK\$5,952.6 million for the six months ended 30 September 2024 to HK\$5,183.3 million for the six months ended 30 September 2025, representing a decrease of 12.9%. The Group optimised its development strategy to enhance project management on core business. The Group put more emphasis on the return of projects and allocated resources by prioritising projects with the best return which in turn led to slowdown in the construction activities and thus decline in relevant construction revenue. For the period under review, the total revenue attributable to the "City water supply", "Pipeline direct drinking water supply" and "Environmental protection" segments decreased from HK\$4,897.9 million to HK\$4,366.4 million. This represented a decrease of segments revenue by 10.9%, which was mainly because of overall decrease in installation and maintenance and construction works in "City water supply" and "Pipeline direct drinking water supply" segments during the period.

**(i) City Water Supply Business Analysis**

City water supply projects of the Group are well spread in various provincial cities and regions across China, including Hunan, Hubei, Henan, Hebei, Guizhou, Hainan, Jiangsu, Jiangxi, Guangdong (including Shenzhen), Chongqing, Shandong, Shanxi and Heilongjiang.

For the period under review, the revenue from city water supply segment amounted to HK\$3,270.8 million (2024: HK\$3,765.2 million), representing a decrease of 13.1% as compared with the last corresponding period. The city water supply segment profit amounted to HK\$941.3 million (2024: HK\$1,139.8 million), representing a decrease of 17.4% as compared with the last corresponding period. This was mainly because of overall decrease in installation and maintenance and construction works during the period.

**(ii) Pipeline Direct Drinking Water Supply Business Analysis**

Pipeline direct drinking water supply projects of the Group are well spread in various provincial cities and regions across China, including Hunan, Hubei, Henan, Hebei, Guizhou, Jiangsu, Jiangxi, Guangdong (including Shenzhen), Guangxi, Beijing, Shanghai, Chongqing, Shandong, Shanxi, Anhui, Zhejiang, Yunnan, Sichuan, Ningxia, Fujian, Heilongjiang, Hainan, Liaoning and Shaanxi.

For the period under review, the revenue from pipeline direct drinking water supply segment amounted to HK\$263.2 million (2024: HK\$367.1 million), representing a decrease of 28.3% as compared with the last corresponding period. The pipeline direct drinking water supply segment profit amounted to HK\$74.6 million (2024: HK\$166.6 million), representing a decrease of 55.2% as compared with the last corresponding period. This was mainly because of overall decrease in installation and maintenance and construction works during the period.

**(iii) Environmental Protection Business Analysis**

Environmental protection projects of the Group are well spread in various provincial cities and regions across China, including Beijing, Tianjin, Guangdong (including Shenzhen), Henan, Hebei, Hunan, Hubei, Guizhou, Jiangxi, Shaanxi, Heilongjiang and Sichuan.

For the period under review, the revenue from environmental protection segment amounted to HK\$832.4 million (2024: HK\$765.6 million), representing an increase of 8.7% as compared with the last corresponding period. The environmental protection segment profit amounted to HK\$366.6 million (2024: HK\$282.7 million), representing an increase of 29.7% as compared with the last corresponding period. This was mainly attributable to an increase of sewage treatment operation services from sewage treatment projects in current period.

**(iv) Main Contractor Construction Business Analysis**

Main contractor construction projects were carried out by the Group's subsidiary which possesses Grade 1 main contractor qualification for nationwide municipal public construction works in China.

For the period under review, the revenue from external customers of the main contractor construction segment amounted to HK\$398.2 million (2024: HK\$424.0 million), representing a decrease of 6.1% as compared with the last corresponding period. The main contractor construction segment profit amounted to HK\$158.3 million (2024: HK\$398.3 million), representing a decrease of 60.2% as compared with the last corresponding period, which was mainly due to the decrease of construction work for water supply projects in current period.

**(v) Property Business Analysis**

The Group held various property development and investment projects which are mainly located in Beijing, Chongqing, Jiangxi, Hunan, Hubei and Henan provinces of China.

For the period under review, the revenue from the property business segment amounted to HK\$17.0 million (2024: HK\$252.7 million). The total property business segment profit amounted to HK\$0.5 million (2024: HK\$12.9 million), representing a decrease of 96.4% as compared with the last corresponding period. This was mainly due to the decrease in sales of property projects in current period.

For the period under review, the overall decrease in the Group's share of results of associates was mainly attributable to the one-off deemed loss on disposal of partial shareholding in Kangda, whose ordinary shares are listed on the Mainboard of the Stock Exchange. For the period under review, the total contribution to the Group by Kangda amounted to the loss of HK\$31.8 million, which comprised (i) the deemed loss on disposal of HK\$64.2 million arising from the exercise of 167,273,500 share options of Kangda at the exercise price of HK\$0.30 per share held by the share options holders, resulting in the issue of 167,273,500 ordinary shares of HK\$0.01 each of Kangda for a total cash consideration of HK\$50,182,000; and (ii) share of results of Kangda of HK\$32.4 million. For the corresponding period under review, the total contribution to the Group by Kangda amounted to HK\$34.3 million, which was share of results of Kangda.

## **DEEMED DISPOSAL IN RELATION TO THE EQUITY INVESTMENT BY TAIKANG ASSET**

On 21 March 2025, the Company, Silver Dragon Water Supply Group Limited ("Silver Dragon") and Silver Dragon Water Affairs Investments Co., Ltd. (being the "Target Company") (both of which are wholly-owned subsidiaries of the Company), entered into the equity investment agreement with Taikang Assets Management Co., Ltd. ("Taikang Asset"), pursuant to which, Taikang Asset has conditionally agreed to invest RMB1.5 billion (equivalent to approximately HK\$1.6 billion) into the Target Company by cash, which shall be completed and settled in two tranches of RMB1.3 billion and RMB0.2 billion respectively, in return for the equity interests in the Target Company.

Upon the first completion, the Company (through Silver Dragon) and Taikang Asset will hold approximately 83.95% and 16.05% equity interest in the Target Company, respectively. Upon the second completion, the Company (through Silver Dragon) and Taikang Asset will hold approximately 81.93% and 18.07% equity interest in the Target Company, respectively. On the same day, the Company, Silver Dragon, the Target Company and Taikang Asset also entered into the shareholders' agreement which sets out the rights and obligations of the parties thereto in relation to the management and operations of the Target Company and shall take effect from the first completion date. Further details of which had been disclosed in the Company's announcement dated 21 March 2025.

The first completion took place on 15 May 2025 and the Company (through Silver Dragon) and Taikang Asset hold approximately 83.95% and 16.05% equity interest in the Target Company, respectively.

## DEEMED DISPOSAL IN RELATION TO THE PARTIAL SHAREHOLDING IN KANGDA

On 11 July 2025, Mr. Duan Chuan Liang ("Mr. Duan"), the chairman, executive director and substantial shareholder of the Company, being the holder of the exchangeable bonds, has served the notice to exchange for 546,728,004 shares, representing approximately 25.55% of the total issued share capital of Kangda. The exchange took place on 21 July 2025 and immediately upon the exchange completion, Mr. Duan and Sharp Profit Investments Limited ("Sharp Profit"), a wholly-owned subsidiary of the Company (which is presumed to be acting in concert with Mr. Duan), became interested in an aggregate of 1,155,718,004 shares of Kangda, representing approximately 54.01% of the total issued share capital of the Kangda. Sharp Profit is interested in approximately 28.46% of the total issued share capital of Kangda as at the date of exchange completion. As a result of the share exchange, Mr. Duan is required to make (or procure to be made on his behalf) a mandatory unconditional cash offer pursuant to Rule 26.1(b) of the Takeovers Code for all the shares (other than those already owned and/or agreed to be acquired by him and Sharp Profit). Mr. Duan and Sharp Profit will jointly make (or procure to be made) the share offer as joint offerors, and allocate the offer shares validly tendered for acceptance in the share offer to be taken up in the proportion of approximately 93.00% by Mr. Duan and approximately 7.00% by Sharp Profit. Mr. Duan will also be required to make (or procure to be made on his behalf) an appropriate offer to the optionholders for the outstanding share options granted under the share option scheme of Kangda to cancel all the outstanding share options by way of the option offer. Pursuant to the results of the offers closed on 22 September 2025, Sharp Profit's shareholding in Kangda was reduced from 28.46% to 27.41% and an one-off deemed loss on disposal amounting to HK\$64.2 million was recorded and included in share of results of associates during the six months ended 30 September 2025.

Mr. Duan is a substantial shareholder and a director of the Company and thus a connected person of the Group, including Sharp Profit under the Listing Rules. The making of the share offer by Sharp Profit (or procure to be made on its behalf), being the Company's proportion, will constitute a deemed connected transaction for the Group under Rule 14A.20 of Chapter 14A of the Listing Rules. Since all the applicable percentage ratios under the Listing Rules are below 5%, the transaction involving acceptance of the Company's proportion in the share offer will be subject to the reporting and announcement requirements but is exempt from circular (including independent financial adviser's advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further details of which had been disclosed in the Company's announcement dated 21 July 2025, 8 August 2025, 1 September 2025 and 22 September 2025.



## ISSUE OF SENIOR NOTES

On 15 October 2025, the Company and certain subsidiaries of the Company which provide unconditional and irrevocable guarantees to secure the Company's obligations under the notes entered into the purchase agreement with Morgan Stanley & Co. International plc, Barclays Bank PLC, China International Capital Corporation Hong Kong Securities Limited, China CITIC Bank International Limited, Deutsche Bank AG, Hong Kong Branch, DBS Bank Ltd. and SMBC Nikko Securities (Hong Kong) Limited, as initial purchasers, in connection with the issue and sale of 5.875% senior notes due 2030 in the aggregate principal amount of US\$150,000,000 (the "Notes Issue").

The gross proceeds from the Notes Issue will be approximately US\$148.4 million. The net proceeds, after deducting the underwriting discounts and commissions and other estimated expenses payable by the Company in connection with this offering, will be used for repayment of certain offshore indebtedness. Subject to the foregoing, the Company plans to use an amount equal to the gross proceeds from the offering to finance or refinance, in whole or in part, eligible green projects, particularly water supply projects, in accordance with the Company's green & blue finance framework.

Further details of which had been disclosed in the Company's announcement dated 15 October 2025 and 23 October 2025.

## PROSPECTS

Despite numerous uncertainties in the global economy, the PRC's economy continues to demonstrate strong resilience, and the accelerated progress of new-type urbanization provides a stable demand foundation for the water industry. The water industry is embracing structural development opportunities. On one hand, water tariff reform has entered into a substantive implementation phase, with local governments improving cost supervision and mechanisms, and water tariff adjustments being initiated and implemented in many regions across the country. On the other hand, with an easing international monetary policy environment and the start of an interest rate cutting cycle, costs of funding are expected to decline further. Coupled with the Ministry of Finance's targeted support for water infrastructure through special bonds, these factors are expected to directly enhance the overall profitability and reinvestment capability of the water industry.

Capitalising on this historic window of opportunity, we will fully leverage supporting policies and deepen the construction of a smart water business. By integrating artificial intelligence, the Internet of Things, and big data technologies, we aim to achieve the digital transformation of water operations, with precise technological applications in key areas such as pipeline leakage control, real-time water quality monitoring and early warning, and regional water demand forecasting, striving to achieve improvement in both operational efficiency and service resilience.



In terms of industrial structure, the Group will align with the national policy direction of ultra-long-term government bonds and special bonds, actively pursue a light-asset development strategy, and achieve a balanced light-and-heavy asset development model. By reducing capital expenditure, optimizing financial leverage, and enhancing operational flexibility and risk resilience, the Group aims to increase its ability to generate free cash flow, thereby providing sufficient funding for shareholder returns and business growth.

With over two decades of deep expertise in the water sector, industry-leading digital capabilities, and a prudent financial strategy, the Group will uphold its commitment to a water oriented and kindness to society. Leveraging technological innovation and refined management, it strives to deliver long-term value to shareholders and contribute to urban water supply security and public well-being.

## LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 September 2025, the Group maintained a satisfactory liquidity level. As at 30 September 2025, the Group has total cash and cash equivalents and pledged deposits of approximately HK\$4,544.1 million (31 March 2025: HK\$5,450.0 million), which are mainly in Hong Kong dollars, Renminbi and United States dollars. The gearing ratio, calculated as a percentage of total liabilities to total assets, is reduced to 64.3% (31 March 2025: 66.8%) as at 30 September 2025.

As at 30 September 2025, the Group's current liabilities exceeded its current assets by HK\$5,974.0 million (31 March 2025: net current liabilities of HK\$3,789.7 million). It was mainly due to maturity of various long-term bank and other loans including US\$350 million senior notes due May 2026, new and existing short-term bank loans due within one year. In the opinion of the directors of the Company, after taken into account the cashflow generated from operations, the internal financial resources, available loan and financing facilities and offers, and new loan and financing facilities currently under negotiation, the Group will have sufficient working capital to meet its financial obligation in full as they fall due in the next twelve months.

As at 30 September 2025, the Group's aggregate outstanding borrowings amounted to HK\$24,456.4 million (31 March 2025: HK\$25,185.2 million), which are mainly in Hong Kong dollars, Renminbi and United States dollars. The decrease in overall borrowings was mainly due to overall repayment of indebtedness of the Group. 67.9% of such outstanding borrowings was arranged on floating rate basis and the balance of 32.1% was at fixed rate basis. According to the repayment schedule, HK\$8,045.4 million was repayable within one year and the balance of HK\$16,411.1 million was repayable after one year. As at 30 September 2025, the total unutilised loan facilities, offers and notes registered principle amount available to the Group amounted to HK\$13.3 billion (31 March 2025: HK\$13.4 billion).

During the period under review, the Company continued to deepen its cooperation with the existing banks and financial institutions, broaden the financing channels by cooperating with new banks and financial institutions and optimise its debt structure by means of refinancing outstanding loans repayable within one year with long-term loans which could gradually enhance the Group's liquidity position.

## **HUMAN RESOURCES**

As at 30 September 2025, the Group has employed approximately 10,300 staff. Most of them are stationed in the PRC and Hong Kong. The remuneration package of the employees is determined by various factors including their experience and performance, the market condition, industry practice and applicable employment law.

The Company had adopted a share option scheme to incentivise the directors, senior management and employees of the Group. During the period ended 30 September 2025, no option was granted by the Company pursuant to the share option scheme.

## **TREASURY AND FOREIGN EXCHANGE RISK MANAGEMENT**

The Group adopted conservative treasury policies in cash and financial management for the period under review. Cash was generally placed in short-term deposits. The Group's liquidity and financing requirements were reviewed regularly.

As Hong Kong dollar was pegged with the United States dollar, the directors of the Company considered that the Group was exposed to limited risk in this aspect.

Majority of the subsidiaries of the Company operates in the PRC with most of its transactions denominated and settled in RMB. Fluctuations of exchange rates may result in exchange gain/loss and would also impact the Group's net asset value due to currency translation in the preparation of the Group's consolidated financial statements. If RMB appreciates/depreciates against Hong Kong dollar, the Group would record a(n) increase/decrease in the Group's net asset value. The Group has designated certain cross currency swap contracts as hedging instruments for certain changes in the value of the net investments in the PRC, attributable to changes in the HK\$/RMB. In addition, the Group manages foreign currency risk by closely monitoring the foreign exchange markets, the proportion of its borrowings in foreign currency and optimising the treasury and financial management strategies.

## CHANGES IN THE INFORMATION OF DIRECTORS

Ms. Liu Yu Jie resigned as and Mr. Xu Yan was appointed as a non-executive director of the Company with effect from 2 October 2025.

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information of directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the period under review and up to the date of this interim report, are set out below:

- Mr. Li Zhong, an executive director of the Company, was appointed as an independent director of Konka Group Co., Ltd. (stock code: 000016.SZ, 200016.SZ), which is listed on the Shenzhen Stock Exchange, with effect from 14 August 2025.
- Mr. Bai Li, a non-executive director of the Company, resigned as director of Financial Street Holdings Co., Ltd. (stock code: 000402.SZ), which is listed on the Shenzhen Stock Exchange, with effect from 8 July 2025.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS

At 30 September 2025, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

### Shares of the Company

Name of Director	Capacity/ Nature of interest	Number of shares		Approximate percentage of shareholding in the Company
		Long position	Short position	
Mr. Duan Chuan Liang (Notes (i)&(ii))	Corporate and personal	447,311,901	–	27.40%
Ms. Ding Bin	Personal	5,700,000	–	0.35%
Mr. Li Zhong (Notes (iii))	Personal	37,813,457	–	2.32%
Ms. Wang Xiaoqin	Personal	8,950,000	–	0.55%
Ms. Liu Yu Jie	Personal	12,000,000	–	0.74%
Ms. Ho Ping	Personal	978,000	–	0.06%

**Shares of Kangda International Environmental Company Limited (“Kangda”), an associated corporation of the Company**

Name of Director	Capacity/ Nature of interest	Number of shares		Approximate percentage of shareholding in Kangda
		Long position	Short position	
Mr. Duan Chuan Liang	Personal	858,459,455	–	37.21%
Mr. Li Zhong	Personal	26,000,000	–	1.13%
Ms. Liu Yu Jie	Personal	26,000,000	–	1.13%
Mr. Duan Jerry Linnan	Personal	26,000,000	–	1.13%
Mr. Chau Kam Wing	Personal	4,000,000	–	0.17%

*Notes:*

- (i) These 447,311,901 shares consist of 218,044,301 shares held by Asset Full Resources Limited (“AFRL”), which is wholly and beneficially owned by Mr. Duan Chuan Liang, and 229,267,600 shares held by Mr. Duan Chuan Liang personally.
- (ii) Mr. Duan Chuan Liang and AFRL are also interested in USD8,265,000 senior notes of the Company due May 2026.
- (iii) These 37,813,457 shares consist of 8,606,000 shares held by Mr. Li Zhong and 29,207,457 shares held by his spouse, Ms. Lu Hai personally.

Other than as disclosed above, none of the directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO including interests or short positions which the directors and the chief executives were taken or deemed to have under the provisions of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

## SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “Share Option Scheme”) for a term of 10 years on 9 September 2022. During the six months ended 30 September 2025, no share option was granted, exercised, cancelled or lapsed under the Share Option Scheme. As at 1 April 2025 and 30 September 2025, no share option was outstanding under the Share Option Scheme. As at 1 April 2025 and 30 September 2025, 163,232,234 ordinary shares of the Company are available for grant under the scheme mandate of the Share Option Scheme, representing 10.03% of the weighted average number of shares in issue (excluding treasury shares) during the six months ended 30 September 2025. As at the date of this interim report, 163,232,234 ordinary shares of the Company are available for grant under the scheme mandate of the Share Option Scheme, representing 10.03% of the issued shares (excluding treasury shares) of the Company.

## SUBSTANTIAL SHAREHOLDERS

At 30 September 2025, the following interests and short positions of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

Name of shareholder	Notes	Capacity/ Nature of interest	Number of shares			Approximate percentage of shareholding in the Company		
			Long position	Short position	Lending pool	Long position	Short position	Lending pool
Mr. Duan Chuan Liang		Beneficial	447,311,901	–	–	27.40%	–	–
Asset Full Resources Limited	1	Beneficial	218,044,301	–	–	13.36%	–	–
ORIX Corporation	2	Beneficial	445,136,277	–	–	27.27%	–	–
青島海發國有資本投資運 營集團有限公司	3	Beneficial	122,772,000	–	–	7.52%	–	–
ORIX (China) Industrial Holdings Limited	2	Beneficial	122,772,000	–	–	7.52%	–	–
長城人壽保險股份 有限公司		Beneficial	98,500,000	–	–	6.03%	–	–

*Notes:*

1. These shares are beneficially owned by AFRL, a company incorporated in the British Virgin Islands, whose entire issued capital is wholly and beneficially owned by Mr. Duan Chuan Liang, the Chairman and executive director of the Company.
2. The shares were held by ORIX Corporation as to 291,170,277 shares by ORIX Corporation directly, 122,772,000 shares through its controlled corporation ORIX (China) Industrial Holdings Limited and 31,194,000 shares through its controlled corporation ORIX Asia Capital Limited.
3. 青島海發國有資本投資運營集團有限公司 was deemed to be interested in 122,772,000 shares through its controlled corporation ORIX (China) Industrial Holdings Limited.

Save as disclosed above, as at 30 September 2025, so far as is known to any director or chief executive of the Company, no person (other than a director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## CORPORATE GOVERNANCE

The Company is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value. The Board reviews its corporate governance system from time to time in order to meet the rising expectations of shareholders and comply with the increasingly tightened regulatory requirements.

During the six months ended 30 September 2025, 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, save and except for the deviations from code provisions C.2.1, B.2.2 and C.1.6.

Under code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Duan Chuan Liang serves as the Chairman of the Company. The function of chief executive officer is collectively performed by the executive directors. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board continues to believe that this structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently. The Board has strong confidence in the executive directors and believes that this structure is beneficial to the business prospects of the Company.

Under code provision B.2.2, every director should be subject to retirement by rotation at least once every three years. According to the Company's bye-laws, at each annual general meeting, one third of the directors shall retire from office by rotation provided that notwithstanding anything therein, the Chairman of the Board of the Company shall not be subject to retirement by rotation or taken into account in determining the number of directors to retire. As continuation is a key factor to the successful long term implementation of business plans, the Board believes that the role of the chairman provides the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategy. As such, the Board is of the view that the chairman of Board should not be subject to retirement by rotation.

Under code provision C.1.6, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Certain independent non-executive directors and non-executive directors were unable to attend the Company's annual general meeting held on 19 September 2025 due to their other business commitments.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions of Directors. The Company has made specific enquiry to all directors regarding any non-compliance with the Model Code throughout the six months ended 30 September 2025 and they all confirmed that they have fully complied with the required standard set out in the Model Code.

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

During the six months ended 30 September 2025, the Company repurchased its own shares on the Stock Exchange as follows:

Month/Year	Number of shares repurchased	Highest price per share HK\$	Lowest price per share HK\$	Aggregate consideration (excluding expenses) HK\$
April 2025	836,000	6.00	5.77	4,968,000

During the period ended 30 September 2025, the Company repurchased a total of 836,000 ordinary shares of HK\$0.01 each in the capital of the Company at an aggregate price of approximately HK\$4,968,000. Those repurchased shares were held as treasury shares as at the date of this interim report.

The purchase of the Company's shares was effected by the directors, pursuant to the mandate from shareholders received at the last annual general meeting.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

## AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee which comprises the four independent non-executive directors of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the unaudited interim condensed consolidated financial statements for the six months ended 30 September 2025 with the directors.

Ernst & Young was appointed as the auditor of the Company on the annual general meeting dated 19 September 2025.



The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2025 have been reviewed by Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA.

On behalf of the Board

**China Water Affairs Group Limited**

**Duan Chuan Liang**

*Chairman*

Hong Kong, 28 November 2025

*As at the date of this report, the Board comprises four executive Directors, being Mr. Duan Chuan Liang, Ms. Ding Bin, Mr. Li Zhong and Mr. Duan Jerry Linnan, four non-executive Directors, being Mr. Li Hao, Mr. Bai Li, Mr. Xu Yan and Ms. Wang Xiaoqin, and four independent non-executive Directors, being Mr. Chau Kam Wing, Mr. Siu Chi Ming, Ms. Ho Ping and Mr. Xiao Zhe.*