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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

HIGHLIGHTS

- Revenue was approximately RMB1,166.5 million, representing an increase of 4.6% over the corresponding period last year mainly owing to the increase in revenue from construction services.
- Gross profit was RMB587.3 million, representing an increase of 7.9% over the corresponding period last year. Due to successful cost saving measures, gross profit margin increased by 1.5 percentage point to 50.3% comparing with that of the corresponding period last year.
- Finance costs was RMB232.7 million, representing a decrease of 15.1% comparing with the corresponding period last year mainly owing to the reduction on benchmark interest rates and the decrease in average balance of loans and borrowings.
- Profit attributable to owners of the parent was RMB103.4 million, representing a decrease of 4.7% over the corresponding period last year, mainly due to losses and impairment of approximately RMB67.5 million recognised for disposal of subsidiaries.
- Basic and diluted earnings per share attributable to ordinary equity holders of the parent were RMB4.83 cents and RMB4.81 cents, respectively, representing a decrease of 4.9% and 5.3% as compared with that of the corresponding period last year.
- Net cash inflow from operating activities reached RMB394.2 million, increased by RMB233.3 million or 145.0% comparing with the corresponding period last year, breaking the record high of interim periods since the listing of the Group in 2014.
- The Board did not recommend the payment of interim dividend for the six months ended 30 June 2025.

The board (the “Board”) of directors (the “Directors”) of Kangda International Environmental Company Limited (the “Company”) is pleased to announce the unaudited interim condensed consolidated financial results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2025 (the “Reporting Period”) together with the comparative figures for the corresponding period in 2024 and the relevant explanatory notes as set out below.

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

For the six months ended 30 June 2025

		For the six months ended 30 June	
	<i>Notes</i>	2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
REVENUE	4	1,166,493	1,115,511
Cost of sales		<u>(579,227)</u>	<u>(571,040)</u>
Gross profit		587,266	544,471
Other income and gains	5	38,097	38,387
Selling and distribution expenses		(693)	(476)
Administrative expenses		(121,716)	(132,844)
Other expenses		(97,033)	(20,440)
Finance costs	6	(232,687)	(274,221)
Share of profits and losses of:			
Associates		(797)	110
Joint ventures		(2,448)	(1,690)
PROFIT BEFORE TAX	7	169,989	153,297
Income tax expense	8	(62,594)	(47,198)
PROFIT FOR THE PERIOD		<u>107,395</u>	<u>106,099</u>
Profit attributable to:			
Owners of the parent		103,441	108,597
Non-controlling interests		3,954	(2,498)
		<u>107,395</u>	<u>106,099</u>
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic for profit for the period (expressed in RMB per share)	9	<u>4.83 cents</u>	<u>5.08 cents</u>
Diluted for profit for the period (expressed in RMB per share)	9	<u>4.81 cents</u>	<u>5.08 cents</u>

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

For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE INCOME		
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	5,000	5,000
Income tax effect	(750)	(750)
	4,250	4,250
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	4,250	4,250
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	111,645	110,349
Total comprehensive income attributable to:		
Owners of the parent	107,691	112,847
Non-controlling interests	3,954	(2,498)
	111,645	110,349

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

30 June 2025

		30 June 2025	31 December 2024
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		52,676	48,682
Investment properties		3,603	10,465
Investments in associates		234,201	234,998
Investments in joint ventures		72,497	74,945
Service concession intangible assets		1,497,834	1,525,762
Other intangible assets		1,273	1,433
Contract assets		242,455	492,730
Goodwill		17,170	17,170
Financial receivables	<i>10</i>	9,688,655	9,631,996
Deferred tax assets		78,903	81,002
Right-of-use assets		1,532	1,737
Prepayments, other receivables and other assets		18,415	18,731
Total non-current assets		<u>11,909,214</u>	<u>12,139,651</u>
CURRENT ASSETS			
Inventories		16,152	17,534
Contract assets		77,553	53,057
Equity investments designated at fair value through other comprehensive income		404,000	399,000
Financial receivables	<i>10</i>	1,993,292	2,041,985
Trade receivables	<i>11</i>	3,335,751	3,169,688
Prepayments, other receivables and other assets		756,835	760,656
Pledged deposits		183,605	93,698
Cash and cash equivalents		236,463	122,158
		7,003,651	6,657,776
Assets of a disposal group classified as held for sale		142,138	356,499
Total current assets		<u>7,145,789</u>	<u>7,014,275</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (continued)**

30 June 2025

		30 June 2025	31 December 2024
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade and bills payables	12	1,859,541	1,849,716
Other payables and accruals		96,283	142,038
Interest-bearing bank and other borrowings		3,057,445	2,961,204
Tax payable		93,388	89,223
Deferred income		35,640	–
		5,142,297	5,042,181
Liabilities directly associated with the assets classified as held for sale		22,040	260,448
Total current liabilities		5,164,337	5,302,629
NET CURRENT ASSETS		1,981,452	1,711,646
TOTAL ASSETS LESS CURRENT LIABILITIES		13,890,666	13,851,297
NON-CURRENT LIABILITIES			
Trade payables	12	189	4
Interest-bearing bank and other borrowings		6,527,254	6,651,072
Deferred income		41,620	–
Deferred tax liabilities		1,191,441	1,180,376
Total non-current liabilities		7,760,504	7,831,452
Net assets		6,130,162	6,019,845
EQUITY			
Equity attributable to owners of the parent			
Share capital		17,125	17,125
Reserves		6,029,227	5,917,837
		6,046,352	5,934,962
Non-controlling interests		83,810	84,883
Total equity		6,130,162	6,019,845

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

1. CORPORATE AND GROUP INFORMATION

Kangda International Environmental Company Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 4 July 2014.

The Company is an investment holding company and its subsidiaries are engaged in the design, construction, operation and maintenance of wastewater treatment plants (the “WTPs”), reclaimed water treatment plants (the “RWTPs”), water distribution plants (the “WDPs”), sludge treatment plants (the “STPs”) and other municipal infrastructures in the People’s Republic of China (the “PRC”, or Mainland China, which excludes for the purpose of this announcement, the Hong Kong Special Administrative Region of the PRC or Hong Kong, the Macau Special Administrative Region of the PRC or Macau, and Taiwan).

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board and in compliance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024.

The unaudited interim condensed consolidated financial information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income, which has been measured at fair value and are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand, except when otherwise indicated.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 Changes to the Group's accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended IFRS Accounting Standard for the first time for the current period's financial information.

Amendments to IAS 21

Lack of Exchangeability

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

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

3. 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 WTPs, RWTPs, STPs, WDPs, and in the O&M (operation and maintenance of waste water treatment facilities entrusted by governments);
- (b) the segment of Water Environment Comprehensive Remediation engages in river harnessing and improvement, foul water body treatment, 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, 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 and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2025 (Unaudited)	Urban Water Treatment RMB'000	Water Environment Comprehensive Remediation RMB'000	Rural Water Improvement RMB'000	Total RMB'000
Segment revenue				
Sales to external customers	1,136,702	15,749	14,042	1,166,493
Total segment revenue	1,136,702	15,749	14,042	1,166,493
Segment results	275,909	13,078	(6,440)	282,547
<i>Reconciliation:</i>				
Unallocated income and gains				4,673
Share of loss of an unallocated associate				(5)
Share of loss of an unallocated joint venture				(641)
Corporate and other unallocated expenses				(20,334)
Unallocated lease-related finance costs				(30)
Unallocated finance costs (other than interest on lease liabilities)				(96,221)
Profit before tax for the period				<u>169,989</u>
Other segment information				
Share of losses of associates	–	(792)	–	(792)
Share of loss of an unallocated associate				(5)
Share of loss of a joint venture	(1,807)	–	–	(1,807)
Share of loss of an unallocated joint venture				(641)
Depreciation and amortisation	45,179	4	11,656	56,839
Unallocated depreciation and amortisation				1,722
Total depreciation and amortisation				<u>58,561</u>

3. OPERATING SEGMENT INFORMATION (continued)

At 30 June 2025 (Unaudited)	Urban Water Treatment RMB'000	Water Environment Comprehensive Remediation RMB'000	Rural Water Improvement RMB'000	Total RMB'000
Segment assets	16,664,933	1,064,554	622,605	18,352,092
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>702,911</u>
Total assets				<u><u>19,055,003</u></u>
Segment liabilities	12,160,792	284,004	438,324	12,883,120
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>41,721</u>
Total liabilities				<u><u>12,924,841</u></u>
Other segment information				
Investments in associates	–	233,869	–	233,869
Unallocated investments in associates				332
Investment in a joint venture	66,456	–	–	66,456
Unallocated investment in a joint venture				6,041
Capital expenditure	15,740	–	–	15,740
Unallocated amounts				<u>5</u>
Total capital expenditure*				<u><u>15,745</u></u>

* Capital expenditure consists of additions to property, plant and equipment and intangible assets during the six months ended 30 June 2025.

3. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2024 (Unaudited)	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>
Segment revenue				
Sales to external customers	1,077,593	13,803	24,115	1,115,511
Total segment revenue	1,077,593	13,803	24,115	1,115,511
Segment results	274,649	14,825	(9,670)	279,804
<i>Reconciliation:</i>				
Unallocated income and gains				6,463
Share of loss of an unallocated associate				(42)
Share of loss of an unallocated joint venture				(524)
Corporate and other unallocated expenses				(28,453)
Unallocated lease-related finance costs				(60)
Unallocated finance costs (other than interest on lease liabilities)				(103,891)
Profit before tax for the period				153,297
Other segment information				
Share of gains of associates	–	152	–	152
Share of loss of an unallocated associate				(42)
Share of loss of a joint venture	(1,166)	–	–	(1,166)
Share of loss of an unallocated joint venture				(524)
Depreciation and amortisation	45,468	2	20,261	65,731
Unallocated depreciation and amortisation				2,118
Total depreciation and amortisation				67,849

3. OPERATING SEGMENT INFORMATION (continued)

At 31 December 2024 (Audited)	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>
Segment assets	16,785,400	1,153,880	643,461	18,582,741
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>571,185</u>
Total assets				<u><u>19,153,926</u></u>
Segment liabilities	12,242,483	371,663	456,855	13,071,001
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>63,080</u>
Total liabilities				<u><u>13,134,081</u></u>
Other segment information				
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
Capital expenditure	4,667	–	3,173	7,840
Unallocated amounts				<u>16</u>
Total capital expenditure*				<u><u>7,856</u></u>

* Capital expenditure consists of additions to property, plant and equipment and intangible assets during the six months ended 30 June 2024.

4. REVENUE

Revenue represents: (1) an appropriate proportion of contract revenue of construction contracts under Build-Operate-Transfer (the “BOT”) arrangements, Engineering Procurement Construction (the “EPC”) arrangements and other construction service projects, net of tax and government surcharges; (2) the revenue from operation of WTPs, RWTPs, WDPs, STPs or other municipal infrastructures under BOT arrangements, Transfer-Operate-Transfer (the “TOT”) arrangements, and the provision of Operation and Maintenance services; and (3) financial income from service concession arrangements. The amount of each significant category of revenue during the six months ended 30 June 2025 is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Revenue from operating services	664,516	642,667
Revenue from construction services	143,189	100,177
Financial income from service concession arrangements	358,788	372,667
	<hr/>	<hr/>
Total	1,166,493	1,115,511
	<hr/> <hr/>	<hr/> <hr/>

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.

The aggregated revenue from construction services, operating services and financial income from service concession arrangements derived in Mainland China amounted to RMB1,166,493,000 and RMB1,115,511,000 for the six months ended 30 June 2025 and 2024, respectively.

5. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants (note a)	27,456	7,271
Interest income from loans to a third party	5,385	8,704
Interest income from loans to a joint venture and an associate	985	988
Bank interest income	462	1,137
Rental income less depreciation of investment properties	267	290
Investment income	–	1,432
Others	3,542	18,565
	<u>38,097</u>	<u>38,387</u>
Total	<u>38,097</u>	<u>38,387</u>

Note:

- (a) 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 other government grants.

6. FINANCE COSTS

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on interest-bearing bank and other borrowings	232,657	274,161
Interest on lease liabilities	30	60
	<u>232,687</u>	<u>274,221</u>
Total	<u>232,687</u>	<u>274,221</u>

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost for operation services	466,385	491,910
Cost for construction services	112,842	79,130
Total of cost of sales	579,227	571,040
Depreciation of property, plant and equipment	2,428	2,665
Depreciation of investment properties	309	309
Depreciation of right-of-use assets	205	524
Amortisation of service concession intangible assets	55,459	64,178
Amortisation of other intangible assets	160	173
Loss on disposal of subsidiaries	20,656	–
Impairment of financial receivables	57,053	118
Impairment of contract assets	–	(124)
Impairment of prepayments, other receivables and other assets	39	1,589
Impairment of trade receivables	15,522	14,785
Exchange differences, net	268	2,358

8. 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 for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

The major components of income tax expense in the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income are:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current		
— Mainland China	30,757	20,242
Deferred	31,837	26,956
Income tax charge for the period	62,594	47,198

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,139,735,000 (2024: 2,139,735,000) outstanding during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period 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 period, 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:

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Earnings:		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<u>103,441</u>	<u>108,597</u>
	Number of Shares	
	30 June	30 June
	2025	2024
	(Unaudited)	(Unaudited)
Shares:		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings per share calculation	2,139,735,000	2,139,735,000
Effect of dilution — weighted average number of ordinary shares: Share options	<u>8,613,703</u>	<u>—</u>
Total	<u>2,148,348,703</u>	<u>2,139,735,000</u>

10. FINANCIAL RECEIVABLES

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Receivables for service concession arrangements	11,685,716	11,677,750
Impairment	(3,769)	(3,769)
	11,681,947	11,673,981
Portion classified as current assets	(1,993,292)	(2,041,985)
	9,688,655	9,631,996

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 governmental authorities or their designees (the “Grantors”).

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 represented contract assets as the rights to considerations have yet to be unconditional.

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.

At 30 June 2025, the Group’s financial receivables with a carrying value of RMB7,907,250,000 (31 December 2024: RMB7,238,507,000) were pledged to secure certain interest-bearing bank and other borrowings granted to the Group.

11. TRADE RECEIVABLES

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 of individual construction service customer is considered on a case-by-case basis. Trade receivables are non-interest-bearing.

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

	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
Within 3 months	503,937	530,805
4 to 6 months	380,334	428,710
7 to 12 months	669,303	585,175
Over 12 months	<u>1,782,177</u>	<u>1,624,998</u>
Total	<u><u>3,335,751</u></u>	<u><u>3,169,688</u></u>

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 set out in the supplier contracts. An ageing analysis of the Group's trade and bills payables as at the end of each reporting period is as follows:

	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
Within 3 months	408,704	313,775
4 to 6 months	186,121	83,862
7 to 12 months	229,738	257,212
Over 12 months	<u>1,035,167</u>	<u>1,194,871</u>
Total	<u><u>1,859,730</u></u>	<u><u>1,849,720</u></u>
Portion classified as current liabilities	<u><u>(1,859,541)</u></u>	<u><u>(1,849,716)</u></u>
Non-current portion	<u><u>189</u></u>	<u><u>4</u></u>

13. DIVIDEND

The board of directors did not recommend payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the first half of 2025, Kangda International Environmental Company Limited (the “Company”, together with its subsidiaries collectively referred to as the “Group”) continued to adopt a prudent business strategy, implementing various energy-saving and cost-reduction measures to control operating costs and improve gross margin. Concurrently, the Group reduced its debt levels by divesting underperforming projects and leveraged the downward trend in domestic interest rates to lower financing costs, thereby enhancing its profitability from multiple aspects.

In summary, for the six months ended 30 June 2025 (the “Period”), total revenue increased by approximately 4.6% year-on-year to RMB1,166.5 million, primarily driven by an increase in project upgrading and renovation projects. Benefiting from operational cost control measures, the overall gross margin for the Period was 50.3%, representing an increase of 1.5 percentage points compared to the same period last year. Overall gross profit reached RMB587.3 million, representing an increase of 7.9% compared to the same period last year. Due to the simultaneous decrease in borrowing interest rates and total liabilities, financing costs for the Period decreased significantly by approximately 15.1% compared to the same period last year, reaching RMB232.7 million. However, due to losses and provisions related to the one-off disposal project, the profit attributable to the parent company for the Period decreased by 4.7% year-on-year to RMB103.4 million.

Affected by the disposal project, the actual wastewater treatment volume for the Period decreased by approximately 4.7% year-on-year to 595.0 million tonnes, with the wastewater treatment plant capacity utilisation rate remaining at a high level of 81%. The Group recorded net operating cash flow of RMB394.2 million for the Period, marking the best interim results since the listing of the Group. In terms of financing activities, due to the general decline in domestic interest rates, the average borrowing interest rate for the Period was 4.85%, representing a significant decrease of 0.68 percentage points compared to the same period last year. As of 30 June 2025, long-term borrowings accounted for 68.1% of total borrowings, with a balanced and stable ratio of long-term to short-term debt. The current ratio at the end of the Period was 1.38, which is the best level of the Group since 2016.

DEVELOPMENT STRATEGY AND FUTURE OUTLOOK

At the beginning of 2025, the Ministry of Ecology and Environment, the National Development and Reform Commission, and 14 other departments issued the Implementation Opinions on Strengthening Scientific and Technological Innovation in the Ecological Environment Field to Promote the Construction of a Beautiful China* (《關於加強生態環境領域科技創新，推動美麗中國建設的實施意見》), setting the goal of significantly enhancing the overall efficiency of the innovation system in the ecological environment field by 2035. Subsequently, the National Development and Reform Commission and the State Council issued the Action Plan for the Protection and Construction of Beautiful Rivers and Lakes (2025–2027)* (《美麗河湖保護與建設行動方案(2025-2027年)》) and the Opinions on Continuing to Promote Urban Renewal Actions* (《關於持續推進城市更新行動的意見》) and other policy documents, which outlined tasks such as strengthening the collection, treatment, and reuse of domestic wastewater, as well as the construction and renovation of sludge treatment and disposal facilities, and accelerating the establishment of an integrated construction and operation mechanism for wastewater treatment plants. These measures will be supported through increased central budget allocations, the issuance of local government special bonds, and the promotion of infrastructure-related real estate investment trusts (REITs) to provide financing support for wastewater treatment projects. The Group believes that the wastewater treatment industry will continue to develop in a healthy and sustainable manner.

The Group will continue to enhance the profitability of existing projects through upgrading and expansion, as well as striving for reasonable adjustments to wastewater treatment prices. Regarding accounts receivable, the Group will vigorously pursue collections and actively seek and promote diversified solutions, including seeking repurchases of low-efficiency projects by local governments or government-related entities, while further reducing the Group's financial burden and interest expenses. The Group will continue to deepen energy-saving and emission-reduction measures, improve operational efficiency, strictly control operating costs, contribute to the improvement of national ecological and environmental quality, and strive to achieve better returns for shareholders.

* *For identification purposes only*

BUSINESS REVIEW

During the six months ended 30 June 2025, 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 104 service concession arrangement projects under operation while its operational treatment capacity was over 4 million tons per day as at 30 June 2025.

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 30 June 2025, the Group had entered into a total of 107 service concession arrangements projects, including 101 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 30 June 2025 is as follows:

	Daily wastewater treatment capacity	Daily water distribution capacity	Daily reclaimed water treatment capacity	Daily sludge treatment capacity	Total
<i>(Tonnes)</i>					
In operation	4,059,500	–	65,000	550	4,125,050
Not yet start operation/ Not yet transferred	80,500	30,000	–	–	110,500
Total	<u>4,140,000</u>	<u>30,000</u>	<u>65,000</u>	<u>550</u>	<u>4,235,550</u>
<i>(Number of projects)</i>					
In operation	99	–	2	3	104
Not yet start operation/ Not yet transferred	2	1	–	–	3
Total	<u>101</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>107</u>

	Number of projects	Treatment capacity (Tonnes/Day)	Actual processing volume during the six months ended 30 June 2025 (Million Tonnes)
Wastewater treatment services			
Shandong	45	1,210,000	175.0
Henan	22	1,040,000	143.4
Heilongjiang	6	425,000	65.2
Shanxi	2	350,000	56.5
Zhejiang	2	250,000	41.7
Guangdong	3	190,000	28.6
Anhui	2	160,000	25.1
Jiangsu	5	100,000	17.6
Other provinces/municipalities*	14	415,000	40.0
	101	4,140,000	593.1
Water distribution services	1	30,000	–
Reclaimed water treatment services	2	65,000	1.9
Total	104	4,235,000	595.0
Sludge treatment services	3	550	–
Total	107	4,235,550	595.0

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

1.1.1 Operation Services

As at 30 June 2025, the Group had 99 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 six months ended 30 June 2025 reached 4,059,500 tonnes (2024: 4,089,500 tonnes), 65,000 tonnes (2024: 65,000 tonnes), and 550 tonnes (2024: 550 tonnes), respectively. For the six months ended 30 June 2025, the annualized utilization rate for wastewater and reclaimed water treatment plants in operation was approximately 81% (six months ended 30 June 2024: 84%). The actual average water treatment tariff for the six months ended 30 June 2025 was approximately RMB1.63 per tonne (2024: approximately RMB1.60 per tonne). The actual aggregate processing volume for the six months ended 30 June 2025 was 595.0 million tonnes, representing a decrease of 5% compared to the same period last year (six months ended 30 June 2024: 624.1 million tonnes).

Total operation revenue of the Group's Urban Water Treatment services recorded for the six months ended 30 June 2025 was RMB649.8 million, representing an increase of approximately 5% as compared to the same period of last year (six months ended 30 June 2024: RMB621.7 million). The corresponding increase was primarily due to the increased operation numbers of upgrade projects.

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 recognised by using the percentage-of-completion method.

For the six months ended 30 June 2025, construction revenue was recognised for 14 projects, including 12 wastewater treatment plants, 1 water distribution plant, and 1 sludge treatment plant, which were mainly located in Shandong, Shanxi, and Heilongjiang provinces in Mainland China. Total construction revenue of those projects for the six months ended 30 June 2025 was RMB133.7 million, representing a year-on-year increase of approximately 51% (six months ended 30 June 2024: RMB88.5 million). The corresponding increase was primarily due to an increase in construction work of new upgrade projects. As at 30 June 2025, the total daily treatment capacity of the service concession arrangements plants, which were still in the construction stage, was 30,500 tonnes, including 500 tonnes of wastewater treatment plant and 30,000 tonnes of water distribution plant.

1.2 Water Environment Comprehensive Remediation

In the first half of 2025, the Group continued to devote efforts to implementing the existing projects of Water Environment Comprehensive Remediation. 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 5 Water Environment Comprehensive Remediation projects under construction during the six months ended 30 June 2025. The projects were mainly located in Jiangxi and Henan province in Mainland China. For the six months ended 30 June 2025, total revenue of those projects was RMB15.7 million, representing an increase of approximately 14% as compared to the same period last year (six months ended 30 June 2024: RMB13.8 million). The corresponding increase was primarily due to the execution of newly signed EPC projects.

1.3 Rural Water Improvement

The Group had 2 Rural Water Improvement projects during the six months ended 30 June 2025. The projects were located in Guangdong province in Mainland China. For the six months ended 30 June 2025, total revenue of those projects was RMB14.0 million, representing a year-on-year decrease of approximately 42% (six months ended 30 June 2024: RMB24.1 million). The corresponding decrease 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 six months ended 30 June 2025, the Group recorded a revenue of RMB1,166.5 million, representing an increase of approximately 5% as compared to the previous corresponding period of RMB1,115.5 million. The increase was mainly due to the increase in construction revenue of RMB43.0 million, the increase in operation revenue of RMB21.9 million, and the decrease in financial income from service concession arrangements of RMB13.9 million. The increase in construction revenue was mainly due to the increase in construction work of new upgrade projects of Urban Water Treatment. The increase in operation revenue was mainly due to the increased operation numbers of upgrade projects of Urban Water Treatment. The decrease in financial income from service concession arrangements was mainly due to the decrease in the financial assets.

Cost of Sales

The Group's cost of sales for the six months ended 30 June 2025 amounted to RMB579.2 million, including construction costs of RMB112.8 million and operation costs of water treatment plants of RMB466.4 million, representing a minor increase of RMB8.2 million as compared to the previous corresponding period of RMB571.0 million. The increase was due to the increase in construction costs of RMB33.7 million and the decrease in operation costs of RMB25.5 million. The increase in construction costs was in line with the increase in construction revenue. The decrease in operation costs was mainly due to the decrease in actual aggregate processing volume and various energy-saving and consumption-reducing measures executed.

Gross Profit Margin

For the six months ended 30 June 2025, the Group's gross profit margin was approximately 50%, representing an increase of 1 percentage point as compared to the previous corresponding period of approximately 49%. The increase was primarily due to the increase in the operation gross profit margin this period.

Other Income and Gains

The Group recorded other income and gains of RMB38.1 million for the six months ended 30 June 2025, representing a minor decrease as compared to the previous corresponding period of RMB38.4 million. The amount for the Reporting Period primarily included government grants of RMB27.5 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, interest income of RMB6.4 million from loans to a third party, a joint venture, and an associate, and other non-operating income of RMB3.5 million.

Administrative Expenses

The Group’s administrative expenses for the six months ended 30 June 2025 was RMB121.7 million, representing a decrease of approximately 8% as compared to the previous corresponding period of RMB132.8 million. The decrease was mainly due to the decrease in professional fees.

Other Expenses

Other expenses for the six months ended 30 June 2025 was RMB97.0 million, representing a significant increase as compared to the previous corresponding period of RMB20.4 million. The increase was mainly due to the increase in losses on disposal of a subsidiary, non-operating expenses, and impairment losses, which was partially offset by the decrease in foreign exchange losses.

Finance Costs

The Group’s finance costs for the six months ended 30 June 2025 of RMB232.7 million mainly comprised interests on interest-bearing bank and other borrowings, representing a decrease of approximately 15% as compared to the previous corresponding period of RMB274.2 million. The decrease in finance costs was mainly due to the reduction on benchmark interest rates and the decrease in average balance of interest-bearing bank and other borrowings. The average balance of interest-bearing bank and other borrowings decreased by RMB320.7 million and the average interest rate was 4.85%, representing a decrease of 0.68 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 losses of associates for the six months ended 30 June 2025 was RMB0.8 million, representing a minor decrease as compared to the share of profits of associates of RMB0.1 million in the previous corresponding period. The Group will further execute practical ways to reduce the losses brought by the associates.

Income Tax Expense

Income tax expense for the six months ended 30 June 2025 included the current PRC income tax of RMB30.8 million and deferred tax expenses of RMB31.8 million, which were RMB20.2 million and RMB27.0 million for the previous corresponding period, respectively. The Group's effective tax rate for the six months ended 30 June 2025 was approximately 37%, representing an increase of 6 percentage points as compared with approximately 31% 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, the increase in effect of expenses not deductible for tax, and the comprehensive effects from tax losses.

Financial Receivables

	As at	
	30 June 2025	31 December 2024
	RMB'000	RMB'000
Receivables for service concession arrangements	11,681,947	11,673,981
Portion classified as current	<u>(1,993,292)</u>	<u>(2,041,985)</u>
Non-current portion	<u>9,688,655</u>	<u>9,631,996</u>

As at 30 June 2025, the Group's financial receivables of RMB11,681.9 million (31 December 2024: RMB11,674.0 million) increased by RMB7.9 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 and service concession intangible assets.

Contract Assets

	As at	
	30 June 2025 RMB'000	31 December 2024 RMB'000
Contract assets	320,008	545,787
Portion classified as current	<u>(77,553)</u>	<u>(53,057)</u>
Non-current portion	<u>242,455</u>	<u>492,730</u>

As at 30 June 2025, the Group's contract assets of RMB320.0 million (31 December 2024: RMB545.8 million), decreased by RMB225.8 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 30 June 2025, the Group's trade receivables of RMB3,335.8 million (31 December 2024: RMB3,169.7 million) mainly arose from the provision of wastewater treatment and sludge treatment services for Urban Water Treatment projects, construction services for the Group's Water Environment Comprehensive Remediation projects, and the construction and operation services for Rural Water Improvement projects. The balance increased by RMB166.1 million, mainly due to (i) the increase in Urban Water Treatment projects receivables of approximately RMB220.8 million, (ii) the net increase of Water Environment Comprehensive Remediation projects receivables of approximately RMB12.9 million, which included EPC and BT project receivables of approximately RMB19.3 million arising from the progress billing and cash collection from EPC projects of approximately RMB6.4 million, and (iii) the increase in the portion transferred to assets held for sale of approximately RMB52.8 million.

Prepayments, Other Receivables and Other Assets

As at 30 June 2025, the Group's prepayments, other receivables and other assets of RMB775.3 million (31 December 2024: RMB779.4 million) decreased by RMB4.1 million, mainly arising from the decrease in other operational receivables of approximately RMB5.1 million.

Cash and Cash Equivalents

As at 30 June 2025, the Group's cash and cash equivalents of RMB236.5 million (31 December 2024: RMB177.1 million) increased by RMB59.4 million as compared with that as at the end of previous period. The increase was due to the increase in cash inflows in operating activities of the Group.

	For the six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Net cash flows from operating activities ⁽¹⁾	394,172	160,900
Net cash flows (used in)/from investing activities	(74,235)	178,816
Net cash flows used in financing activities	(260,488)	(287,630)
Net increase in cash and cash equivalents	59,449	52,086
Effect of foreign exchange rate changes	(41)	(201)
Cash and cash equivalents at beginning of the period	177,096	248,360
Cash and cash equivalents at end of the period	236,504	300,245
Cash and cash equivalents attributable to a disposal group classified as held for sale	(41)	–
Cash and cash equivalents as stated in the statement of financial position	236,463	300,245

Note:

- (1) For the six months ended 30 June 2025 and 2024, the Group invested RMB81.2 million and RMB93.7 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 interim condensed consolidated statement of financial position. For the six months ended 30 June 2025 and 2024, the Group would have incurred cash inflows of RMB475.4 million and RMB254.6 million, respectively, if the Group's investments in BOT/TOT and PPP activities were not accounted for as cash flows used in operating activities.

Trade and Bills Payables

As at 30 June 2025, the Group's trade and bills payables of RMB1,859.7 million (31 December 2024: RMB1,849.7 million) increased by RMB10.0 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 30 June 2025, the Group's other payables and accruals of RMB96.3 million (31 December 2024: RMB142.0 million), decreased by RMB45.7 million, which was mainly due to the decrease in payables for the acquisitions, the decrease in salary and welfare payables, the decrease in advance equity payment 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 30 June 2025, the carrying amount of the Group's cash and cash equivalents was RMB236.5 million, representing an increase of approximately RMB59.4 million as compared to RMB177.1 million as at 31 December 2024, which was mainly due to the net cash inflows of RMB394.2 million from operating activities, the net cash outflows used in financing activities of RMB260.5 million, cash outflows of RMB17.3 million for purchases of property, plant and equipment and intangible assets in investing activities, cash outflows of RMB89.9 million for increase in pledged deposits, cash inflows of RMB0.2 million for decrease in loans to a third party, cash inflows of RMB21.8 million for disposal of property, plant and equipment and equity interests in subsidiaries from investing activities, and cash inflows of RMB11.0 million for disposal of service concession intangible assets from investing activities.

As at 30 June 2025, the Group's total interest-bearing debts decreased to RMB9,584.7 million (31 December 2024: RMB9,854.0 million), which comprised of bank and other borrowings only. As at 30 June 2025, 68.1% (31 December 2024: 69.4%) of the Group's interest-bearing debts are long term; over 66% of interest-bearing bank and other borrowings bear interest at floating rates.

As at 30 June 2025, the Group had banking facilities amounting to RMB9,732.4 million, of which RMB2,230.0 million have not been utilized. The unutilized amount of RMB278.8 million were mainly limited to be utilized on environmental protection infrastructure and comprehensive management.

As at 30 June 2025, the gearing ratio of the Group (calculated by total liabilities divided by total assets) decreased to 67.8%, while the gearing ratio was 69.2%, as at the corresponding period last year.

Charges on the Group's Assets

Outstanding balance of interest-bearing bank and other borrowings as at 30 June 2025 was approximately RMB9,584.7 million, which were repayable within one month to twenty years and were secured by financial receivables, service concession intangible assets, investment properties, trade receivables, equity interests in an investment company, contract assets, and pledged deposits of which the total amounts of the pledge of assets amounted to RMB11,078.9 million.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 2,242 employees as at 30 June 2025. 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 30 June 2025, the Group did not have any significant contingent liabilities (31 December 2024: 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 30 June 2025, 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 30 June 2025.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Adapting and adhering to the recognised standards of corporate governance principles and practices has always been one of the top priorities of the Company. The Board believes that good corporate governance is one of the factors that lead to the success of the Company and in balancing the interests of its shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

The Company has adopted the code provisions included in the corporate governance code (the “Corporate Governance Code”) as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The Board is of the view that during the six months ended 30 June 2025, the Company has complied with the Corporate Governance Code and there has been no deviation from the code provisions as set forth under the Corporate Governance Code.

The Group further strengthened the control over budget, risk, performance and responsibilities, optimized management approaches and strategies, improved supporting mechanism and enhanced control effectiveness and operational efficiency of the Group.

The Group enhanced overall control over target responsibilities and budget control, which was promoted and implemented within the entities under the Group as well as management level, and implemented the main body responsibility system through an organic combination of the trinity of responsibilities, authority and rights to fully stimulate team members’ initiative.

The Group also took initiative to enhance efforts in fund management, financial risk control, project investment decisions, legal risk control, information disclosure and maintenance of investor relationship to strive for more effective and transparent management in accordance with the Corporate Governance Code.

INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

AUDIT COMMITTEE AND REVIEW OF THE INTERIM RESULTS

The Company has established an audit committee (the “Audit Committee”) to assist the Board in providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems, overseeing the audit process, monitor, review and assist in the research of the Company’s environmental, social and governance matters, and performing other duties and responsibilities as assigned by the Board. As at 30 June 2025, the Audit Committee consisted of three independent non-executive Directors, being Mr. Chau Kam Wing (chairman), Mr. Chang Qing, and Mr. Peng Yongzhen.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2025. The Audit Committee has also discussed matters with respect to the accounting policies, the practices adopted by the Company and the internal control with senior management members of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix C3 to the Listing Rules as a code of conduct regarding the Directors’ dealings in the Company’s securities.

The Company has made specific enquiry to all of the Directors and all of the Directors have confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2025.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement has been published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.kangdaep.com. The interim report of the Group for the six months ended 30 June 2025 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company's shareholders in due course.

By order of the Board
Kangda International Environmental Company Limited
Chairman
Mr. Li Zhong

Hong Kong, 29 August 2025

As at the date of this announcement, the Board comprises 8 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.