2025

Annual Report

年度報告

AUTHORISED REPRESENTATIVES

Mr. Li Zhong
Mr. Zhou Wei (appointed on 1 January 2025
and resigned with effect from 4 February 2026)
Mr. Du Lindong (appointed on 4 February 2026)
Mr. Zhao Juanxian (alias, Zhao Junxian)
(resigned with effect from 1 January 2025)

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111 Cayman Islands

HEADQUARTER AND PLACE OF BUSINESS INointed on 4 February 2026)

By restructuring its management system and streamlining its workforce, the Group reduced its administrative expenses to RMB246.8 million, representing a decrease of RMB37.2 million, approximately 13.1% compared to last year. In terms of financing activities, the Group capitalised on the downward interest rate cycle to optimise its financing portfolio, resulting in a decrease of average borrowing rate for the year by 0.8 percentage points to 4.7% compared to last year. Combined with the reduction in total liabilities arising from project disposals, financing costs for the year amounted to approximately RMB446.8 million, representing a substantial decrease of RMB97.4 million (17.9%) from approximately RMB544.2 million last year. This constituted one of the primary drivers behind the increase in net profit for the year. As at 31 December 2025, the Group's total interest-bearing debt amounted to RMB9,336.7 million (as at 31 December 2024: RMB9,610.3 million).

During the year, the management continued to optimize the Group's operating cash flow and balance sheet. Net operating cash inflow of RMB681.1 million was recorded for the year, representing an increase of approximately 69.0% compared to last year, setting a new annual record for the Group. The balance sheet was optimized significantly and the balance sheet ratios improved continuously. As at December 31 2025, the Group's gearing ratio was 66.2% (as at December 31 2024: 68.6%). The current ratio remained stable at 1.31 (as at 31 December 2024: 1.32).

During the year, 16 departments including the Ministry of Ecology and Environment and the National Development and Reform Commission issued the Implementation Opinions on Strengthening Scientific and Technological Innovation in the Ecological Environment Field to Promote the Construction of a Beautiful China* (•ëõv[Ò¤ï9Å¦ô-dªÕ•7£Y¼D‘), 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)(•ëÕ&³-•~£Ùé(2025-2027Ë•), the Opinions on Continuing to Promote Urban Renewal Actions*(•ëõ5ƒª†ì9»-Y‘), the Opinions on Comprehensively Advancing River Protection and Management* (•ëõŒ&ª†ê&-•7#Y‘), the Opinions on Promoting High-Quality Urban Development* (•ëõªì9÷Ü/ï•Y‘), the Measures to Further Promote the Development of Private Investment* (•ëõ†SÉ®†Oœ³ï•Yð•£D‘) 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

* For identification purposes only

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1.1.1 Operation Services

As at 31 December 2025, the Group had 98 wastewater treatment projects, 2 reclaimed water treatment projects and 3 sludge treatment projects in operation in Chinese mainland. Total daily treatment capacity of wastewater treatment plants, reclaimed water treatment plants, and sludge treatment plants in operation for the year ended 31 December 2025 reached 4,039,500 tonnes (2024: 4,089,500 tonnes), 65,000 tonnes (2024: 65,000 tonnes), and 550 tonnes (2024: 550 tonnes), respectively. For the year ended 31 December 2025, the annualized utilization rate for wastewater and reclaimed water treatment plants in operation was approximately 84% (2024: 85%). The actual average water treatment tariff for the year ended 31 December 2025 was approximately RMB1.62 per tonne (2024: approximately RMB1.60 per tonne).The actual aggregate processing volume for the year ended 31 December 2025 was 1,252.1 million tonnes, representing a decrease of 2% compared to the same period last year (year ended 31 December 2024: 1,278.4 million tonnes).

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Total operation revenue of the Group's Urban Water Treatment services recorded for the year ended 31 December 2025 was RMB1,167.8 million, representing a decrease of approximately 1% as compared to the same period of last year (year ended 31 December 2024: RMB1,176.2 million). The corresponding decrease was primarily due to the disposal of service concession projects in the Reporting Period.

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1.1.2 Construction Services

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

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OUR CULTURE(Continued)

In the course of business, the Group adheres to high standards and strict requirements on engineering and operation quality and regards occupational health, safety in production and environmental protection as an important part of fulfilling social responsibilities, which are integrated into the Company ’s sustainable development strategy. We have been certified by the Ministry of Housing and Urban-Rural Development as an enterprise qualified as a Class A General Construction Contractor of Municipal and Public Works and Class B Contractor of Environmental Engineering Works, as well as the CAEPI level-1 industrial wastewater and domestic sewage o

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CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles and duties of the Chairman and the Chief Executive Officer have been clearly defined in writing and are carried out by different individuals in order to preserve independence and a balance of views and judgement.

With the support of the senior management, the Chairman is

DIRECTORS' TRAINING

The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. All the Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

During the year ended 31 December 2025, the Directors participated in the following continuous professional development:

Executive Directors	B è +
Li Zhong *(Chairman)* (ceased to be Chairman with effect from 4 February 2026)	½ •€ ô © •€ Z g Z ¬ Ë Z Ü , Ú Î ” Ž Ä , ô © •
Liu Yujie	W
Duan, Jerry Linnan *(Chief Executive Officer)*	l ; € A < R •
Zhou Wei *(Chief Financial Officer)* (resigned with effect from 4 February 2026)	t € Ì < 9 • € õ Z g Z ¬ Ë Z Ü , Ú Î Ø , •
Non-executive Directors	Eg G ìÍ+

BOARD MEETINGS

The Board is provided with relevant materials in relation to the matters brought before the meetings. Reasonable notices of meetings are given to the Directors and the Directors are encouraged to express freely their independent views and propose new items as any other business for discussion at the meetings. The Directors have separate access to the Company's senior management for information at all times and may seek independent professional advice at the Company's expenses, if necessary, to ensure that independent views and opinions are available to the Board. Minutes are kept by the company secretary and are open for inspections by all Directors at any reasonable time. Procedures for convening meetings of the Board and Board committees and preparing minutes of the meetings have complied with the requirements of the Articles of Association and applicable rules and regulations.

REMUNERATION COMMITTEE (Continued)

The Remuneration Committee held one meeting during the year ended 31 December 2025 and the attendance records are set out below:

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Mr. Peng Yongzhen	A Q 2 ‹ [	1/1
Mr. Zhao Juanxian (alias, Zhao Junxian)	» a , ‹ [	1/1
Mr. Chau Kam Wing Donald	t € ò ‹ [	1/1

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of senior management of the Group. All senior management of the Group are executive Directors and details of the remuneration of each of the Directors for the year ended 31 December 2025 are set out in note 8 to the Consolidated Financial Statements. During the year, no equity-based remuneration with performance-related elements was paid to Independent Non-executive Directors.

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The biographies of the senior management are disclosed in the section headed “Directors and Senior Management” in this annual report.

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AUDIT COMMITTEE

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AUDIT COMMITTEE (Continued)

During the year ended 31 December 2025, the Audit Committee discussed with the management of the Company about the internal controls, financial reporting and environmental, social and governance matters, and reviewed the accounting principles and practices adopted by the Group and the effectiveness of the Group 's internal control system. The Audit Committee also met with the external auditor to review the annual report of the Company for the year ended 31 December 2024 and the interim report of the Company for the six months ended 30 June 2025 and discuss about the annual audit planning of the Company for the year ended 31 December 2025.

The Audit Committee had reviewed, evaluated and reported to the Board on ESG related risks and opportunities, developed corresponding objectives and motored the progress towards the objectives, which include but not limited to environmental risks such as climate change, water resources, pollutant discharge, as well as social risks such as employment, supply chain and corruption.

The Audit Committee held two meetings during the year ended 31 December 2025 and the attendance records are set out below:

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2025. The Directors consider that the Group has adequate resourc <<e r

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RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

The Board, through the Audit Committee, has continuously monitored and annually reviewed the effectiveness of risk management and internal control system of the Group and its subsidiaries, and is of the view that the existing risk management and internal control system is sufficient and effective. The review covered all material aspects with regard to control, including financial control, operational control and compliance control. The internal audit reports submitted to the Audit Committee by the Group also covered aspects of risk management and internal control. The Board is not aware of any significant areas of concern which may affect the Shareholders, and believes that the Group has fully complied with the code provisions on internal controls, including compliance with legal and regulatory requirements, as set forth in the CG Code. The Board, through the appraisal performed by the Audit Committee, reviewed the adequacy of resources, staff qualifications and experience, training programs received by the staff and budget of the Group 's accounting, internal auditing and financial reporting function at the Board meeting. In light of the Group's nature of business and the recommendations on the Board's role in risk management, the Group has developed risk management system and policies, and established a risk control department, which is responsible for the Group's risk management, to communicate and assess the Group's risk profile and material risks, and track the progress of mitigation plans and initiatives of material risks and report on detailed examinations of specific risks as required.

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RISK MANAGEMENT ORGANISATION SYSTEM

The Group has established a comprehensive organization structure to manage the risks encountered by the Group. The risk management

1. Risk management structure (Continued) S e , ˆ M # V ô € ƒ •

- responsible for the establishment and amendment of the Company ’s risk management policies and mechanisms;
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- establish anti-corruption mechanisms, and check for possible corruption conduct during the internal audit process, and make suggestions for dealing with corruption conduct;
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- formulate annual risk management work plan and submit to the Board and the Audit Committee for their review;
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- regularly collect first-hand information regarding risk management, carry out risk assessment and discuss major risks faced by the Company;
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- assess the soundness, reasonability and the effectiveness in implementation of the risk management system, and review the annual comprehensive risk management report, risk management proposals and day-to-day risk management solutions;
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- accept reports from employees and cooperating organizations, organize investigations and provide handling advices, and investigate and deal with people and matters that violate Company and legal regulations;
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- assist the Group in carrying out risk management work, and formulate internal auditing plan in accordance with the result of risk assessment; and
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- test the effectiveness of risk management through implementing accounting methods like walk through test and analytical review on its audit.
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RISK MANAGEMENT ORGANISATION SYSTEM , ˆ M # \ û € ƒ •

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1. Risk management structure (Continued) S e , ˆ M # V ô € ƒ •

- implement the basic procedures in risk management;
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- research and propose decision-making standards or mechanisms regarding major decisions, major risks, major events and major business processes of the functional department;
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- research and propose risk assessment report of the functional department; properly carry out risk management work of the functional department; and
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- establish comprehensive risk management procedures for the functional department.
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2. Risk management program

The Group has established a comprehensive risk management program which is led and implemented by the internal audit and inspection department. The risk management program is as follows:

(1) to collect first-hand information for risk management;

(2) to analyse and assess risks;

(3) to propose risk management strategies and formulate risk management solutions; and

(4) to supervise the implementation of risk management works performed by each business units and verify the overall appraisal.

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RISK MANAGEMENT ORGANISATION SYSTEM

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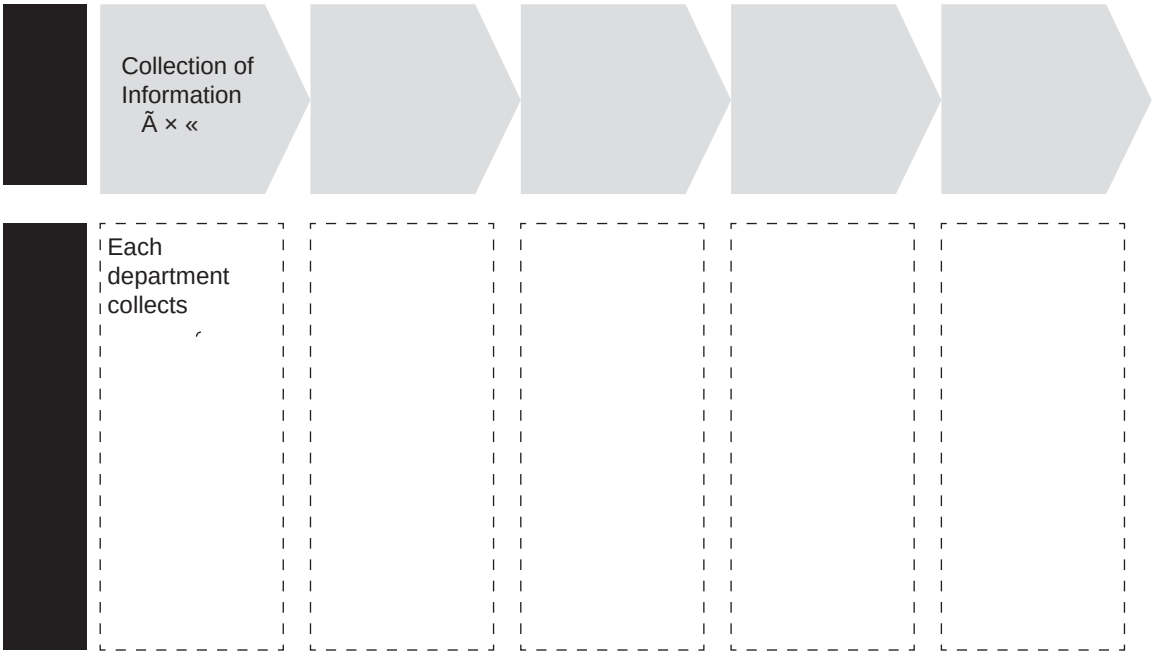
2. Risk management program (Continued)

Key risk management program of the Group



SUPERVISION AND ENHANCEMENT OF RISK MANAGEMENT

The Group has set up basic procedures that cover the whole process of risk management, connecting the channels of communication of risk management information along the reporting lines and among various departments and business units to ensure timely, accurate and complete sharing of information and this has laid the foundation for the supervision and enhancement of risk management.

The senior management of the Group, focusing on material risks, material matters and material decisions, important management matters and the business flow, supervises the work relating to the first-hand information collection for risk management, risk assessment, risk management strategies, critical control activities and the

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DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company may declare and distribute dividends to the Shareholders to allow Shareholders to share the Company's profits.

The recommendation for the payment of any dividend is subject to the absolute discretion of the Board. In deciding whether to propose any dividend payout, the Board will take into account, among other things, the financial results, the earnings and distributable reserves, the operations and liquidity requirements, the debt ratio and possible effects on the credit lines, and the current and future development plans of the Company and any other factors that the Board deems

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ear ended 31 December 2025. The Board will review the dividend p

o time as it deems fit and necessary.

CONSTITUTIONAL DOCUMENTS

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CLOSURE OF REGISTER OF MEMBERS

(a) For Annual General Meeting

The transfer books and register of members of the Company will

PRINCIPAL RISKS AND UNCERTAINTIES

The political, economic and social conditions in China are experiencing changes and reforms, which may adversely affect our business, growth strategies, operating results and financial condition.

Demand for the Group ’nd 3-4505

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, in particular, those which have significant impact on the Group. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2025 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2025 are set out in note 30 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no pro [illegible]

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the Group's five largest suppliers accounted for 19.7% of the Group's total purchases and purchase from the Group's largest supplier included therein amounted to 7.2% of the total purchases for the year.

For the year ended 31 December 2025, the Group's sales to its five largest customers accounted for 39.8% of the Group's total sales and sales to the largest customer included therein amounted to 13.7% of the total sales for the year.

Jiangxi Silver Dragon Water Environment Construction Co., Ltd.* €ê Õ²å ¤ £Þ"ª,®! •("Jiangxi Silver Dragon") is one of the five largest suppliers of the Group during the year ended 31 December 2025. Jiangxi Silver Dragon is a non-wholly owned subsidiary of China Water, a substantial shareholder of the Company. Mr. Li Zhong and Mr. Duan, Jerry Linnan, the executive Directors of the Company, are also directors of China Water and Mr. Chau Kam Wing Donald, an independent non-executive Director of the Company, is also an independent non-executive director of China Water. Besides,

MATERIAL INVESTMENT AND FUTURE PLANS OF CAPITAL ASSETS

As of 31 December 2025, Group had no material investment and other plans for capital assets.

MATERIAL DISPOSALS OF SUBSIDIARIES

Details of the Group's disposals during the year ended 31 December 2025 are set out in notes 37 to the consolidated financial statements.

RELATIONSHIPS WITH KEY STAKEHOLDERS EMPLOYEES

Employees are regarded as the most important and valuable assets of the Group. The objective of the Group 's human resource management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

CUSTOMERS AND SUPPLIERS

The Group'

DIRECTORS

The Directors during the year ended 36.December 2025 and up to the date of this anngs /Ieport were:

Executive Directors:

Li Zhong *(Chairman)*
(ceased to be Chairman with effect from 4 February 2026)
Liu Yujie
Duan, Jerry Linnan*(Chief Executive Officer)*
Zhou Wei *(Chief Financis /Officer)*
(resigned with effect from 4 February 2026)
Du Lindong *(Chairman)* (appointed as an Executive Director and Chairman on 4 February 2026)

Non-executive Directors:

Zhao Juanxian (alias, Zhao Junxian) (ceased to be Co-Chairman and re-designated as non-executive director with effect from 1 January 2025)

Independent non-executive Directors:

Chau Kam Wing Donald
Chang Qing
Peng Yongzhen

In accordance with the Articles of Association, Mr. Li Zhong, Ms. Liu Yujie and Mr. Chau Kam Wing Donald will retire at the Anngs /Geners / Meeting, and being eligible, will offer themselves for re-election.

In accordance with the Articles of Associstion, any Director appointed to fill a casual vacancy on the Board or as an addition to the existing

SHARE OPTION SCHEMES

2014 SHARE OPTION SCHEME

The Company has adopted the share option scheme on 14 June 2014 (the "2014 Share Option Scheme"). Subject to the terms of the 2014 Share Option Scheme, the Board shall be entitled at any time within 10 years from the adoption date of the 2014 Share Option Scheme to offer the grant of an option to any eligible person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the 2014 Share Option Scheme) determine. The following is a summary of principal terms of the 2014 Share Option Scheme:

i) Purpose of the 2014 Share Option Scheme

The purpose of the 2014 Share Option Scheme is to give the Eligible Persons of the 2014 Share Option Scheme (as defined in the following paragraph) an opportunity to have a personal stake in the Company and help motivate them to optimise their future performance and efficiency to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons of the 2014 Share Option Scheme who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

ii) Participants of the 2014 Share Option Scheme

The Board may, at its absolute discretion, grant options to subscribe for such number of Shares in accordance with the terms set out in the 2014 Share Option Scheme to:

(a) any executive Director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group ("Executive"), any full-time or part-time employee, or person for the time being seconded to work full-time or part-time for any member of the Group ("Employee");

(b) a Director or proposed Director (including an independent non-executive Director) of any member of the Group;

(c) a direct or indirect shareholder of any member of the Group;

SHARE OPTION SCHEMES (Continued)

2014 SHARE OPTION SCHEME (Continued)

ii) Participants of the 2014 Share Option Scheme (Continued)

(d) a supplier of goods or services to any member of the Group;

(e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;

(f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and

(g) an associate of any of the persons referred to in paragraphs (a) to (f) above (the person referred above are the "Eligible Persons of the 2014 Share Option Scheme").

iii) Total number of shares available for issue under the 2014 Share Option Scheme

The 2014 Share Option Scheme was expired on 13 June 2024 and no Share will be issued under the 2014 Share Option Scheme as at the date of this annual report.

iv) Maximum entitlement of each participant

No option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of options granted and to be granted to that person in any 12-month period exceeds 1% of the Company's issued share capital from time to time.

Where any further grant of options to such person would result in

SHARE OPTION SCHEMES (Continued)

2025 SHARE OPTION SCHEME (Continued)

ii) Participants of the 2025 Share Option Scheme

Pursuant to the terms of the 2025 Share Option Scheme, eligible participants include:

(a) employee participant(s) which include the director(s) and employee(s) (whether full-time or part-time but excludes a former employee of the Group unless such former employee otherwise qualifies as an eligible participant) of any member of the Group (including persons who are granted options under t9 (rfob(articipants o0nts oants o5rfob(articipS5 (t)-9 (9 a9 (e)-9 (r)(rfob(articipO5 (o)-9 (p)-9 (t)-9 (i)-9

SHARE OPTION SCHEMES (Continued)

2025 SHARE OPTION SCHEME (Continued)

iv) Maximum entitlement of each participant

For any twelve (12)-month period up to and including the date of grant of an option, the aggregate number of Shares issued and to be issued (including any treasury shares which may be transferred, as applicable) in respect of all options and awards granted to such eligible participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) shall not in aggregate exceed 1% of the total number of Shares in issue (excluding treasury Shares) as at the date of grant unless separately approved by the Company's shareholders in general meeting with such eligible participant and his/her close associates (or associates if the eligible participant is a connected person) abstaining from voting.

Where options are proposed to be granted to an independent non-executive Director or a substantial shareholder (as defined in the Listing Rules) or any of their respective associates and if such grant would result in the Shares issued and to be issued (including any treasury Shares which may be transferred, as applicable) in respect of all options and awards granted and to be granted (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) to such person in any twelve (12)-month period up to and including the date of grant representing in aggregate over 0.1% of the total issued Shares (excluding treasury Shares), such further grant of options must be approved by Company's shareholders in a general meeting of the Company with such grantee, his/her associates and all core connected persons of the Company abstaining from voting in favour of the proposed grant at such general meeting.

v) Period within which the option may be exercised by the grantee

Subject to the terms of the 2025 Share Option Scheme, an option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the grantee thereof at the time of making an offer for the grant of option provided that such period shall not exceed the period of ten (

SHARE OPTION SCHEMES(Continued)

2025 SHARE OPTION SCHEME (Continued)

vi) M

SHARE OPTION SCHEMES (Continued)

2025 SHARE OPTION SCHEME (Continued)

vii) Amount payable upon acceptance of the option and the period within which payment must be made

The offer of a grant of option may be accepted within twenty-one (21) days from the date of grant, upon payment of a consideration of HK$1 by the grantee.

viii) Basis of determining the exercise price of options

The exercise price per share in relation to an option under the 2025 Share Option Scheme may be determined by the Board at its absolute discretion, provided that it shall not be less than the highest of: (a) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the offer date, which must be a business day; and (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive business days immediately preceding the offer date; and (c) the nominal value of the Share on the offer date.

ix) The remaining life of the Share Option Scheme

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, and expiring at the close of business on the date which falls ten (10) years after the Adoption Date (i.e. 9 June 2035).

The number of options available for grant under the scheme mandate limit and the service provider sublimit under the 2025 Share Option Scheme are 213,973,500 and 85,589,400 respectively at the Adoption Date and as at 31 Decem.1 (m)iuae(3)-42 (in78ir78iuaer78ir78io ( )-89 (t)-3yeio (1 (c)e,-86 (5xft5.u)

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DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES(Continued)

Save as disclosed, as at 31 December 2025, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the year ended 31 December 2025 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

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CONNECTED TRANSACTION

On 25 September 2020, Kangda Investment (Hong Kong) Company Limited ("Kangda Investment (Hong Kong)"), an indirectly wholly-owned subsidiary of the Company, entered into a framework construction services agreement (the "Construction Services Agreement") with Jiangxi Silver Dragon, pursuant to which, the parties agreed that Jiangxi Silver Dragon may be selected to provide civil works, construction, installation works and supply of equipment for projects of the Group relating to the construction, upgrading, reconstruction and expansion of wastewater treatment facilities through a tender process in compliance with the applicable laws and regulations in the PRC. The term of the Construction Services Agreement commenced from the date of the Construction Services Agreement and ended on 31 December 2022. Jiangxi Silver Dragon is a non-wholly owned subsidiary of China Water, a substantial shareholder of the Company. Therefore, Jiangxi Silver Dragon is an associate of China Water and a connected person of the Company.

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CONFIRMATION FROM INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDITORS

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Independent Auditor's Report
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To the shareholders of
Kangda International Environmental Company Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Kangda International E

KEY AUDIT MATTERS (Continued)

Provision for impairment of trade and bills receivables and financial receivables
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Trade and bills receivables and financial receivables were significant to the consolidated financial statements and the majority of the receivables were generated from service

Recognition and measurement of the contract revenue for service concession arrangements
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The Group engages in certain service concession arrangements under the terms of Build-Operate-Transfer ("BOT") in which
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Independent Auditor's Report
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OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT
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The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS
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The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group 's financial reporting process.

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the

Independent Auditor’s Report
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Consolidated Statement of Profit or Loss and Other Comprehensive Income

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Year ended 31 December 2025 Ú Z g Z ž Ë d Z Ü g d S Ú ß Ë

[redacted]

OTHER COMPREHENSIVE INCOME	I ü Œ & × B		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:	Z ” 6 õ I , œ - ± ó & B ˜ I ü Œ & × B j		
Equity investments designated at fair value through other comprehensive income:	8 › ‰ 2 ® ; =] I ü Œ & × B Y p Æ ³ j		
Changes in fair value	® ; =		52,000
Income tax effect	Ô { ü B ¤		(7,800)

[redacted]

Consolidated Statement of Financial Position

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31 December 2025 Z g Z ž Ë d Z Ü g d S Ú

CURRENT LIABILITIES	t À			
Trade and bills payables	q ø Ð ù › ° ¿ Ð ù C ½	27		1,849,716
Other payables and accruals	I ü Ð ù › ° ¿ Ð l \	28		142,038
Deferred income	È · ×]			–
Interest-bearing bank and other borrowings	¹ Õ ¿ I ü > ›	29		2,960,777
Lease liabilities	a # À	14		427
Tax payable	Ð ù ü °			89,223
				5,042,181
Liabilities directly associated with the assets classified as held for sale	~ ± ó ‰ 5 Þ / Y * \ Ÿ ´ ë Y À	26		260,448
Total current liabilities	t À < X			5,302,629
NET CURRENT ASSETS				

Consolidated Statement of Changes in Equity

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Year ended 31 December 2025 Ú Z g Z ž Ë d Z Ü g d S Ú ß Ë

As at 1 January 2024	õ Z g Z , Ë S Ü S Ú	17,125	1,717,384	390,332	–	65,553	(133,450)	3,654,845	5,711,789	138,243	5,850,032
Profit for the year	Ë « P ;	–	–	–	–	–	–	167,998	167,998	2,883	170,881
Other comprehensive income for the year:	Ë « l ü Œ & × B j										
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	8 › ‰ 2 ® ; =] l ü Œ & × B Y p Æ ³ ® ; = D@qVs% dv%Q&U(5 j × P ü										

Consolidated Statement of Cash Flows

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Year ended 31 December 2025 Ú Z g Z ž Ë d Z Ü g d S Ú ß Ë

Decrease in inventories	À ¬ ¯ Ç		558
Increase in financial receivables	– D Ð × › ° #		(405,294)
Decrease in contract assets	¥ Ò * ¯ Ç		475,823
Increase in trade and bills receivables	q ø Ð × › ° ¿ Ð × C ½ #		(509,102)
Increase in prepayments, other receivables and other assets	k ù › ° e l ü Ð × › ° ¿ l ü * #		(8,542)
Increase/(decrease) in trade and bills payables	q ø Ð ù › ° ¿ Ð ù C ½ # J € ¯ Ç •		(67,636)
Increase in other payables and accruals	l ü Ð ù › ° ¿ Ð l \ #		20,852
Increase/(decrease) in deferred income	È · ×] # Æ ¯ Ç •		(30,629)
Cash generated from operations	¾ Ô { $ –		428,524
Interest received	Š × ; ¹		2,166
Income taxes paid	Š ® Ô { ü		(27,547)
2n cash flows from operating activities	¾ z Ô { $ – t Ž X		403,143
CASH FLOWS FROM INVESTING ACTIVITIES	³ z Ô { $ – t Ž		
Purchase of items of property, plant and equipment	… o J 8 e @ Ò ¿ £ ê ° f	13	(889)
Additions to intangible assets	ô Ä Ì – *		(51,214)
Proceeds from disposal of items of property, plant and equipment	êÍ J 8 e @ Ò ¿ £ ê ° f		

Consolidated Statement of Cash Flows

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Year ended 31 December 2025 Ú Z g Z ž Ë d Z Ü g d S Ú ß Ë

CASH FLOWS FROM FINANCING ACTIVITIES	D z Ô { $ – t Ž		
Increase of interest-bearing bank and other borrowings	¹ Õ ¿ l ü > › #		5,707,143
Repayment of interest-bearing bank and other borrowings	µ ” ¹ Õ ¿ l ü > ›		(5,838,047)
Interest paid	Š ù ; ¹		(477,744)
Acquisition of non-controlling interests	× … ¢ › p Æ B		(16,103)
Principal portion of lease payments	a # ù › Y l – Å …		(1,273)
Proceeds from exercise of share options	4 … p Æ Y Ô { › °		–
Capital contribution from the non-controlling shareholder	¢ › p p ! Ô { › °		–
Purchases of financial assets at fair value through profit or loss	… o 2 ® ; =] & B Y – D *		–
Net cash flows used in financing activities	D z Ô \ $ – t Ž X		(626,024)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	$ – ¿ $ – J # J € ¯ Ç • X		(71,111)
Cash and cash equivalents at beginning of year	Ë ‹ $ – ¿ $ – J		248,360
Effect of foreign exchange rate changes, net	Ò Y B ¤ X		(153)
CASH AND CASH EQUIVALENTS AT END OF YEAR	Ë K $ – ¿ $ – J	25	177,096
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	$ – ¿ $ – J q ±		
Cash and bank balances	$ – ¿ Õ q		215,856
Less: Pledged deposits	¯ j ê å À ›		(93,698)
Cash and cash equivalents as stated in the statement of financial position	Ì K 1 Œ « Ô • $ – ¿ $ – J		122,158
Cash and cash equivalents attributable to a disposal group classified as held for sale	± ó ‰ 5 Þ / Y / \ 9 Ð & Y $ – ¿ $ – J		54,938
Cash and cash equivalents as stated in the statement of cash flows	$ – t Ž Œ « Ô • $ – ¿ $ – J		177,096

Notes to Financial Statements

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31 December 2025 Z g Z ž Ë d Z Ü g d S Ú

1. CORPORATE AND GROUP INFORMATION

Kangda International Environmental Company Limited (the

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1. CORPORATE AND GROUP INFORMATION (Continued)

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Information about subsidiaries (Continued)

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Particulars of the principal subsidiaries of the Company are as follows: (Continued)

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Haiyang Xingcun Kangda Water Co., Ltd. (¢ À p : å Þ " ® !)# * ¢ À p : å Þ " ® ! *	PRC/Chinese mainland • 7 J • 7 « ®	RMB19,490,000 [O Æ 19,490,000©	–	100	Construction of WTPs and provision of WTP operation services £ î å ^ # @ ¿ d 6 î å ^ # @ 6
Shanxian Kangda Environmental Protection Water Co., Ltd. ($ p : - å Þ " ® !)# * $ p : - å Þ " ® ! *	PRC/Chinese mainland • 7 J • 7 « ®	RMB26,500,000 [O Æ 26,500,000©	–	100	Construction of WTPs and provision of WTP operation services £ î å ^ # @ ¿ d 6 î å ^ # @ 6
Kangda (Dongying) Environmental Protection Water Co., Ltd. (p : ( ) - å Þ " ® !)# * p :€ • - å Þ " ® ! *	J • 7 « ® [O Æ 163,263,000©	RMB163,263,000	–	100	Construction of WTPs and provision of WTP operation services £ î å ^ # @ ¿ d 6 î å ^ # @ 6

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Yunan Kangda Environment Treatment Co., Ltd. (Ì p : ¤ 7 # Þ " ® !)# *	PRC/Chinese mainland	RMB62,000,000	–	52	Construction, operation and maintenance of WTPs and other environmental protection projects
Ì p : ¤ 7 # Þ " ® ! *	• 7 J • 7 « ®	[O Æ 62,000,000©			£ e 6 ¿ j • î å ^ # @ ¿ l ü - ° f
Weihai Kangda Ecological Environment Treatment Co., Ltd. ()Weihai Kangda ™ ® !					

Chongqing Kangda Zhishang Environmental Protection Industry Co., Ltd.	PRC/Chines mainland	RMB70,000,000	100	Construction of WTPs and provision of WTP operation services	
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Kangda Environmental Protection (Linyi) Water Co., Ltd. (p: - (Wå)å Þ"®!)#* p: € Wå•å Þ"®! *	PRC/Chinese mainland •7 J•7«®	RMB15,000,000 [OÆ15,000,000©	–	100	Construction of WTPs and provision of WTP operation services £îåˆ#@¿d6îåˆ#@6
Fengxian Kangda Environmental Protection the second Sewage treatment Co., Ltd. (.$p: -KZîåˆ#Þ"®!)#* .$p: -KZîåˆ#Þ"®! *	PRC/Chinese mainland •7 J•7«®	RMB20,000,000 [OÆ20,000,000©	–	100	Construction of WTPs and provision of WTP operation services £îåˆ#@¿d6îåˆ#@6
Jining Kangda Environmental Protection Water Co., Ltd. (ö¹p: -å Þ"®!)#* ö¹p: -å Þ"®! *	PRC/Chinese mainland •7 J•7«®	RMB25,000,000 [OÆ25,000,000©	–	100	Construction of WTPs and provision of WTP operation services £îåˆ#@¿d6îåˆ#@6
Haiyang Kangda Environmental Protection Water Co., Ltd. (¢p: -å Þ"®!)#* ¢p: -å Þ"®! *	PRC/Chinese mainland •7 J•7«®	RMB6,000,000 [OÆ6,000,000©	–	100	Construction of WTPs and provision of WTP operation services £îåˆ#@¿d6îåˆ#@6
Wendeng Kangda Environmental Protection Water Co., Ltd. (Öîp: -å Þ"®!)#*	PRC/Chinese mainland	RMB10,000,000	–	100	Construction of WTPs and)

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

The financial statements have been prepared under the historical cost convention, except for equity investments designed at fair value through other comprehensive income and financial assets at fair value through profit or loss, which have been measured at fair value. Disposal groups held for sale are stated at the lower of their c

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

The financial statements of the subsidiaries are prepared for

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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 Group did not have foreign currency transactions, the amendments did not have any impact on the Group's financial statements.

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2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	Presentation and Disclosure in Financial Statements[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity* [1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to IFRS Accounting Standards — Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

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[1] Effective for annual periods beginning on or after 1 January 2026

[2] Effective for annual/reporting periods beginning on or after 1 January 2027

[3] No mandatory effective date yet determined but available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

Amendments to IFRS 9 and IFRS 7*Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7*Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

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2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group 's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree 's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) the party is an entity where any of the following conditions applies: (Continued)

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings and other infrastructure	3.13% to 4.50%
Machinery	6.67% to 18.00%
Office equipment and others	6.33%to 33.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the straight-line basis to write off the cost of each item of such properties to its residual value over its estimated useful life. The principal annual rate used for this purpose is as follows:

Buildings	4.50%

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 10 years.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill) (Continued)

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Operating concessions

For details of the accounting policy of operating concessions, please refer to “Service concession arrangements” below.

Operating contract rights

Operating contract rights represent the fair value of operating rights of WTPs or RWTPs acquired through business combination. These intangible assets are amortised on the straight-line basis

2.4 MATERIAL ACCOUNTING POLICIES (Continued) 2.4 } 6 A € ƒ •

Leases (Continued)

Group as a lessee (Continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land	19 years
Office	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office properties (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office properties that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in other income and gains in the consolidated statement of profit or loss and other comprehensive income due to its nature. Initial direct costs

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Service concession arrangements (Continued)

Consideration given by the Grantors

A financial asset (financial receivable) is recognised to the extent that the Group has an unconditional right to receive cash or another financial asset from or at the direction of the Grantors for the construction services rendered and/or the consideration

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Service concession arrangements (Continued)

Construction or upgrade services

Costs relating to construction or upgrade services comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads. Revenue from the construction or upgrade services under the BOT agreements is estimated on a cost-plus basis with reference to the prevailing market rate of gross margin at the date of the agreement applicable to similar construction services rendered in similar locations, and is recognised using the percentage of completion method, measured by reference to the proportion o f costs incurred to date to the estimated total cost of the relevant contract.

Operating services

Revenue relating to operating services is accounted f-50 (u)-50 (nr ve)1nr s

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets designated at fair value through other caenfThensive incaee (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Derecognition of financial assets (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group ’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

At each reporting date, the Group assesses whether the credit risk

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) BOT arrangements

Revenue from the construction services under the BOT agreements is estimated on a cost-/2 (d)-32 (on)MCID 134nts 1.4335 Tm miments

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly the 1 discounts the estimated future cash receip(i)-6 (s)-6 (c)-6 (o)-6 -6 -6 -6 -75 lease term.18/ Tf tx (h)-6 ( )-2 (c)-6 (a)-92 (e)-6 (s)-66 (x)-46 (a)-

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised in employee

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Other employee benefits (Continued)

Short term employee benefits

Short term employee benefit obligations are measured on an an

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Foreign currencies

The financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Revenue from contracts with customers (Continued)

(i) Accounting for service concession arrangements (Continued)

Subsequent to initial recognition, the financial receivable is measured at amortised cost using the effective interest method.

Revenue from the construction service under the terms of service concession arrangements is estimated on a cost-

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Revenue from contracts with customers (Continued)

(ii) Accounting for EPC arrangements

The Group seeks to collect claims from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract, which give rise to variable consideration. The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for claims in construction services, given there is a wide range of possible outcomes which are subject to negotiations with third parties.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, current negotiations with customers, profitability of the head contracts of the customers and the current economic conditions.

Withholding tax arising from the distribution of dividends

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group periodically reviews the changes in market conditions, expected physical wear and tear, and the maintenance of the asset. The estimation of the useful life of the asset is based on historical experience of the Group with similar assets that are used in a similar way. Depreciation amount will be adjusted if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed, at the end of the year, based on changes in circumstances.

Current income tax and deferred income tax

The Group is subject to income taxes in Hong Kong and Chinese mainland. Estimation is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current income tax and deferred income tax in the periods in which the differences arise. Deferred tax assets relating to certain temporary differences or unused tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or the unused losses can be utilised.

The realisation of the deferred tax assets mainly depends on whether sufficient future profits will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which will be recognised in profit or loss in the period in which such a reversal takes place. Details of deferred tax assets are contained in note 21 to the financial statements.

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2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Percentage of completion of construction services

The Group recognises revenue according to the percentage of completion of individual contracts of construction works, which requires estimation to be made by management. The stage of completion i s estimated by reference to the actual costs incurred over the total budgeted costs. Due to the nature of the activity undertaken in construction works, the date on which the activity commences and the date on which the activity completes usually fall into different accounting periods. Hence, the Group reviews and revises the percentage of completion of construction works. Where the actual contract revenue is less than expected or actual contract costs are more than expected, a foreseeable loss may arise.

Estimation of total budgeted costs and cost to completion for construction services

Total budgeted costs for construction contracts comprise (i) direct material costs and direct labour, (ii) costs of subcontracting, and (iii) an appropriation of variable and fixed construction overheads. In estimating the total budgeted costs for construction contracts, management refers to information such as (i) current offers from sub-contractors and suppliers, (ii) recent offers agreed with sub-contractors and suppliers, and (iii) professional estimation on material costs, labour costs and other costs.

Provision for expected credit losses on trade and bills receivables, financial receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade and bills receivables, financial receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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û Ô † z Y Ì ½ ˆ

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

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* d þ ø ó ' ê å Ü õ ó ' , œ >]
Ô ê – Ð Õ ù ˜ ; f ª ä d IBR À
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ø À H a # Y â › ¿ â • Û d Æ ² *
; f … H À i] p ½ \ Û d
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= ¯ / Ó I ~ I 4 \ = G k • Y 0
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J 8 k $ – t Ž d (o ¿ G … Y ± $
d ø Q j $ – t Ž $ = f

3. OPERATING SEGMENT INFORMATION
(Continued)

3. OPERATING SEGMENT INFORMATION
(Continued)

[redacted]

Other segment information	I ü ± Å Ø
Investments in associates	õ L ®! Y ³
Unallocated investments in associates	õ L ®! Y J ± ã ³
Investment in a joint venture	õ S • ¥ †8 Y ³
Unallocated investment in a joint venture	õ S • ¥ †8 Y J ± ã ³
Share of profits and losses of associates	± & L ®! Y & B
Share of profits and losses of unallocated associates	± & J ± ã L ®! Y & B
Share of profit and loss of a joint venture	± & S • ¥ †8 Y & B
Share of profit and loss of an unallocated joint venture	± & S • J ± ã ¥ †8 Y & B
Impairment losses recognised in profit or loss, net#	õ & B ½ © Y ¯ = f & X #
Depreciation and amortisation	± ¿ Å V
Unallocated depreciation and amortisation	J ± ã ± ¿ Å V
Total depreciation and amortisation	± ¿ Å V < X

[redacted]

3. OPERATING SEGMENT INFORMATION (Continued)
3. ¾ ± Å Ø € ƒ •

[redacted]

Other segment information	I ü ± Å Ø				
Investments in associates	õ L ®! Y ³	–	234,661	–	234,661
Unallocated investments in associates	õ L ®! Y J ± ã ³				337
Investment in a joint venture	õ S • ¥ †8 Y ³	68,263	–	–	68,263
Unallocated investment in a joint venture	õ S • ¥ †8 Y J ± ã ³				6,682
Share of profits and losses of associates	± & L ®! Y & B	–	1,040	–	1,040
Share of profits and losses of unallocated associates	± & J ± ã L ®! Y & B				18
Share of profit and loss of a joint venture	± & S • ¥ †8 Y & B	(1,393)	–	–	(1,393)
Share of profit and loss of an unallocated joint venture	± & S • J ± ã ¥ †8 Y & B				(1,753)
Impairment losses recognised in profit or loss, net#	õ & B ½ © Y ¯ = f & X #	(69,435)	(3,554)	–	(72,989)
Depreciation and amortisation	± ¿ Å V	(89,183)	(8)	(32,894)	(122,085)
Unallocated depreciation and amortisation	J ± ã ± ¿ Å V				(4,124)
Total depreciation and amortisation	± ¿ Å V < X				(126,209)
Capital expenditure	I š Õ	32,133	–	3,496	35,629
Unallocated amounts	J ± ã – X				34
Total capital expenditure*	I š Õ < X *				35,663

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

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

* I š Õ < ô Ä J 8 e @ Ò ¿ £ ê ø ¿ $ ¢ ¾ ¥ Ò * f

\# õ & B ½ © Y ¯ = f & < – D Ð × › ° ¯ = e ¥ Ò * ¯ = e q ø Ð × › ° ¯ = ¿ I ü Ð × › ° ¯ = f

4. REVENUE (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information

For the year ended 31 December 2025

4. REVENUE (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

For the year ended 31 December 2024

4. × B€ƒ•
Ò ¥ Ò × B €ƒ•
(a) × B Ø Z ± €ƒ•
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ß Ë

Revenue from contracts with customers	Ò ¥ Ò × B	2,160,205	22,133	78,944	2,261,282
Geographical market	® ˆ				
Chinese mainland	• 7 « ®	2,160,205	22,133	78,944	2,261,282
Total	< X	2,160,205	22,133	78,944	2,261,282
Timing of revenue recognition	× B ½ © Û œ				
Services transferred over time	‡ Û œ 7 E Y	2,160,205	22,133	78,944	2,261,282
Total	< X	2,160,205	22,133	78,944	2,261,282

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.

î å ˆ # e Ž [å ˆ # e 6 å ø ¿ î %
ˆ # Y £ e 6 × B ø ¿
$ ¢ ¾ Ä ° Y Ì ×] i õ S l Û
œ « ½ ©f

(b) Performance obligations

The aggregate amount of the transaction prices allocated to the performance obligations of BOT and TOT arrangements that are unsatisfied (or partially unsatisfied) as at 31 December 2025 was RMB29 billion (2024: RMB33 billion). The performance obligations expected to be recognised in more than one year relate to the services to be performed in respect of the BOT and TOT arrangements. The amounts disclosed above do not include variable consideration which is constrained.

(b) 5 Ò ª ,
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Z , Ë j [O Æ 330 © •f k ,
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1 BOT ¿ TOT Ä ° 5 Y Þ
ë f j Ö Þ £ Y – X ” < a "
S Y þ f

5. OTHER INCOME AND GAINS

5. I ü ×] ¿ × B

Government grants*	A ´ þ ? *		25,178
Interest income from loans to a third party	£ S • K g Ù r › Y ; ¹ ×]		15,643
Bank interest income	Õ ; ¹ ×]		2,215
Interest income from loans to an associate and a joint venture	£ S • L ® ! ¿ S • ¥ † 8 r › Y ; ¹ ×]		1,985
Rental income less depreciation of investment properties	a – ×] ¯ ³ J 8 ±		619
Others	I ü		21,174
Total	<		66,814

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

* A ´ þ ? ô 8 A ´ Ú ë ¬ š Y # = ü × ü ¿ Þ ë - ¦ ” · † Y ¤ - • ? – f ð • ¾ A ´ … … - X ~ î å ˆ # @ · ¿ Þ ë Y - ? – Š ½ © ‰ È · ×] d õ k , Y · ¿ œ ^ „ , 2 û U · ˜ ? _ õ & B • ½ © f (Ì ~ þ ? Þ ë Y K½Ä◆Qä»Y ë

6. PROFIT BEFORE TAX

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

6. ð ü Ã P ;

I « Y ð ü Ã P ; W ¾ Ô ð Æ] • ø h ¢ ° { j

Cost of construction services	£ Ó I		208,253
Cost of operation services	6 Ó I		964,015
Total cost of services	< Ó I		1,172,268
Depreciation of property, plant and equipment	J 8 e @ Ò ¿ £ ê ±	13	5,221
Depreciation of right-of-use assets	4 \ Æ * ±	14(a)	1,069
Amortisation of service concession intangible assets	Ì – * — $ ¢ ¾ Å V	18	118,958
Amortisation of other intangible assets	I ü Ì – * Å V		343
Impairment of financial receivables#	– D Ð × › ° ¯ = #	20	46,608
Impairment of contract assets#	¥ Ò * ¯ = #	24	99
(Reversal of impairment)/impairment of trade and bills receivables#	q ø Ð × › ° ¿ Ð × C ½ € ¯ = a « ₰ ¯ = #	22	19,478
Impairment of other receivables#	I ü Ð × › ° ¯ = #	23	6,804
Lease payments not included in the measurement of lease liabilities	(Ì] a # À Ž Y a # ù ›	14(c)	325
Auditor's remuneration	è p ª G –		2,552
Employee benefit expense (including directors' remuneration):	‡ p E ; š Õ € < è + Z G ɟ		
Wages, salaries and allowances, social securities and benefits	ˆ e Z – ¿ u h e _ 6 - æ ¿ E ;		228,251
Equity-settled share option expense	ø Æ B Q … p Æ š Õ		5,141
Pension scheme contributions (defined contribution scheme)*	× ~ – Œ 6 › € ¢ › 6 › Œ •*		25,669
Total employee benefit expense	< ‡ p E ; š Õ		259,061

Operating lease income	¾ a # ×]			(1,237)
Less: Depreciation of investment properties	¯ j ³ J 8 ±			618
Rental income less depreciation of investment properties	a – ×] ¯ ³ J 8 ±	5		(619)
Bank interest income	Õ ; ¹ ×]	5		(2,215)
Government grants	A ´ þ ?	5		(25,178)
Interest income from loans to a third party	£ S • K g Ù r › Y ; ¹ ×]	5		(15,643)
Interest income from loans to				

7. FINANCE COSTS

7. D Ó I

Interest on interest-bearing bank and other borrowings	¹ Õ ¿ I ü > › ; ¹		544,126
Interest on lease liabilities	a # À ; ¹		85
Total	<		544,211

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

8. è + ¿ ð ÷ A [p Z G

I Ë è + ¿ ð ÷ A [p G – ì ½ j 9 • Æ e 0 ¥ ® ! â 7 K 383(1)(a) e(b) e (c) ¿ (f) â ¿ ® ₭ Þ £ è + ; B Ø •• 7 K 2 Å Þ £ ½ h j

Fees	š –		2,150
Other emoluments:	I ü G – j		
Salaries, allowances and benefits in kind	Z – e u h ¿ ¼ J E ;		6,066
Equity-settled share option expense	ø Æ B Q Y … p Æ š Õ		1,680
Pension scheme contributions	× ~ – Œ 6 ›		49
Total	<		9,945

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(i) Independent non-executive directors

8. è + ¿ ð ÷ A [p Z G € ƒ •

(i) ù m ¢ B è +

Mr. Chau Kam Wing€ t € ò •	t € ò ‹ [		
Mr. Chang Qing € l ö •	l ö ‹ [		
Mr. Peng Yongzhen€ A Q 2 •	A Q 2 ‹ [		
Total	<		

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

8. è + ¿ ð ÷ A [p Z G € ƒ •

(ii) Executive directors and a non-executive director

(ii) B è + ¿ ¢ B è +

[redacted]

Year ended 31 December 2025	Ú Z g Z ž Ë d Z Ü g d S Ú ß Ë	[redacted]				
Executive directors:	B è + j					
Mr. Li Zhong€ ½ • •	½ • ‹ [					
Mr. Duan Jerry Linnan€ l ; •	l ; ‹ [					
Ms. Liu Yujie€ W •	W ~ {					
Mr. Zhou Wei€ t • *	t ‹ [*					
Subtotal	ƒ					
Non-executive directors:	¢ B è + j					
Mr. Zhao Juanxian (alias, Zhao Junxian) € » a , • **	» a , ‹ [**					
Total	<					

Year ended 31 December 2024	Ú Z g Z , Ë d Z Ü g d S Ú ß Ë					
Executive directors:	B è + j					
Mr. Zhao Juanxian (alias, Zhao Junxian) € » a , • **	» a , ‹ [**	331	–	1,597	–	1,928
Mr. Li Zhong€ ½ • •	½ • ‹ [	221	384	1,465	–	2,070
Mr. Duan Jerry Linnan€ l ; •	l ; ‹ [	221	384	1,342	–	1,947
Ms. Liu Yujie€ W •	W ~ {	221	384	547	–	1,152
Mr. Zhou Wei€ t • *	t ‹ [*	166	384	1,115	49	1,714
Total	<	1,160	1,536	6,066	49	8,811

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

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* Mr. Zhou Wei was appointed as an executive director of the Company on 10 April 2024 and had tendered his resignation as an executive Director and the Chief Financial Officer of the Company with effect from 4 February 2026.

* t ‹ [õ Z g Z , Ë , Ü d Ú ‰ , ‰ l ® ! B è + d (õ Z g Z ¬ Ë Z Ü , Ú Ø , l ® ! B è + ¿ Ì < 9 f

** Mr. Zhao Juanxian (alias, Zhao Junxian) was re-designated as a non-executive director of the Company with effect from the 1 January 2025.

** » a , ‹ [Š , ‰ l ® ! ¢ B è + d Z g Z ž Ë S Ü S Ú Î [Ö f

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four directors (2024: four directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining one (2024: one) highest paid employee who is neither a director nor a chief executive of the Company are as follows:

Salaries, allowances and benefits in kind	Z – e u h ¿ ¼ J E ;	[redacted]	902
Performance related bonuses	Œ $ ´ ë € Î	[redacted]	90
Equity-settled share option expense	ø Æ B Q Y … p Æ š Õ	[redacted]	192
Pension scheme contributions	× ~ – Œ 6 ›	[redacted]	66
Total	<	[redacted]	1,250

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

10. INCOME TAX EXPENSE

Pursuant to The PRC Enterprise Income Tax Law Implementing Regulations (• 6 [O • q 7 † 8 Ô { ü , ¼ D â 7), most of the subsidiaries established in the PRC, engaged in the operations of waste water treatment projects, are eligiSoje2o (water)axg

13. PROPERTY, PLANT AND EQUIPMENT

31 December 2025

[redacted]

At 1 January 2025:	õ Z g Z ž Ë S Ü S Ú j	[redacted]
Cost	Ó I	
Accumulated depreciation and impairment	] ± ¿ ¯ =	
Net carrying amount	* & =	[redacted]
At 1 January 2025, net of accumulated depreciation and impairment	õ Z g Z ž Ë S Ü S Ú d Ô ð] ± ¿ ¯ =	[redacted]
Additions	ô Ä	
Transferred from investment properties	}³ J 8 7 E	
Disposals	/	
Disposal of subsidiaries	/ • n ® !	
Depreciation provided during the year	Ë « ± a ê	
At 31 December 2025, net of accumulated depreciation and impairment	õ Z g Z ž Ë d Z Ü g d S Ú d Ô ð] ± ¿ ¯ =	[redacted]
At 31 December 2025:	õ Z g Z ž Ë d Z Ü g d S Ú j	[redacted]
Cost	Ó I	

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

13. J 8 e @ Ò ¿ £ ê € ƒ •

31 December 2024 Z g Z , Ë d Z Ü g d S Ú

At 1 January 2024:	õ Z g Z , Ë S Ü S Ú j					
Cost	Ó l	85,866	22,669	37,509	725	146,769
Accumulated depreciation and impairment	] ± ¿ ¯ =	(40,042)	(20,453)	(32,896)	–	(93,391)
Net carrying amount	* & =	45,824	2,216	4,613	725	53,378
At 1 January 2024, net of accumulated depreciation and impairment	õ Z g Z , Ë S Ü S Ú d Ô ð] ± ¿ ¯ =	45,824	2,216	4,613	725	53,378
Additions	ô Ä	–	3	886	–	889
Disposals	/	(232)	(132)	–	–	(364)
Depreciation provided during the year	Ë « ± a ê	(3,427)	(881)	(913)	–	(5,221)
At 31 December 2024, net of accumulated depreciation and impairment	õ Z g Z , Ë d Z Ü g d S Ú d Ô ð] ± ¿ ¯ =	42,165	1,206	4,586	725	48,682
At 31 December 2024:	õ Z g Z , Ë d Z Ü g d S Ú j					
Cost	Ó l	85,634	22,540	38,395	725	147,294
Accumulated depreciation and impairment	] ± ¿ ¯ =	(43,469)	(21,334)	(33,809)	–	(98,612)
Net carrying amount	* & =	42,165	1,206	4,586	725	48,682

14. LEASES (Continued)

The Group as a lessor

The Group leases its investment properties consisting of four commercial properties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according

15. INVESTMENTS IN ASSOCIATES (Continued)

Particulars of the associates are as follows:

15. õ L ® ! Y ³ € ƒ •

Þ ë L ® ! Y ‹ ½ h j

Jiangsu Eastern Biological Sludge Treatment Engineering Co., Ltd. ("Eastern Sludge Treatment") €ê= Ù[Ò öó^ûÞ"®! •#	PRC/Chinese mainland	RMB35,000,000	49	Treatment of sludge in rivers and lakes
ê= Ù[Ò öó^ûÞ"®! € Ù[Ò öó™	•7 J•7«®	[OÆ35,000,000©		¯&t¿³:† î%^#
Fuzhou Fuhe River Investment & Development Co., Ltd. ("Fuzhou Fuhe") €hÈ9h&t9³ šïÞ"®! •#	PRC/Chinese mainland	RMB300,000,000	24	Investment, construction, operation and management of municipal projects
hÈ9h&t9³ šïÞ"®! € hÈh&™	•7 J•7«®	[OÆ300,000,000©		³ e £e6 ¿M#9A °f
Sichuan Kangda Zhonghuan Municipal Engineering Design Co., Ltd. ("Sichuan Zhonghuan") €,‡p:• 9Aˆû£ Þ"®! •#	PRC/Chinese mainland	RMB5,000,000	30	Design and consulting of construction projects
,‡p:• 9Aˆû£ Þ"®! € ,‡• ™	•7 J•7«®	[OÆ5,000,000©		£°f£ ¿T
Leping Hehu Ecological Environmental Treatment Co., Ltd. ("Leping Hehu") €€;9&³[Ò ¤7#Þ"®! •#	PRC/Chinese mainland	RMB50,000,000	44	Construction, operation and management of environment protection and infrastructure projects
€;9&³[Ò ¤7#Þ"®! € €;&³™	•7 J•7«®	[OÆ50,000,000©		£e6 ¿M#-¿? £D°f

The English names of these companies referred to in this report represent management's best effort at translating the Chinese names of the companies registered in Chinese mainland, as no English names have been registered.

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15. INVESTMENTS IN ASSOCIATES (Continued)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

15. õ L ® ! Y ³ € ƒ •

h Œ • j (¢ H 9 } Y I « L ® ! Y ¥ ; Ì Ø j

Share of the associates' profit for the year	± & L ® ! Ë « P ;	[redacted]	1,069
Share of the associates' total comprehensive income	± & L ® ! Œ & × B < X		1,069
Aggregate carrying amount of the Group's investments in the associates	I « õ L ® ! ³ Y * & < =		32,231

16. INVESTMENTS IN JOINT VENTURES

16. õ ¥ † 8 Y ³

Share of net assets	± & * =	[redacted]		74,945

Particulars of the joint ventures are as follows:

Þ ë ¥ † 8 Y ‹ ½ h j

Zibo Tianqiyuan Water Supply Co., Ltd. ("Tianqiyuan") € ù 9 Â 6 å Þ " ® ! •# ù 9 Â 6 å Þ " ® ₧ Â ™•	PRC/Chinese mainland • 7 J • 7 « ®	RMB5,190,000 [O Æ 5,190,000 ©	49	Central water supply • / 6 å
Gaomi Kangrui Environmental Protection Technology Co., Ltd. ("Gaomi Kangrui") € ÷ W 9 p • - Å ¦ Þ " ® ! •# ÷ W 9 p • - Å ¦ Þ " ® ! € ÷ W p • ™•	PRC/Chinese mainland • 7 J • 7 « ®	RMB28,000,000 [O Æ 28,000,000 ©	50	Sale and maintenance of environmental protection equipment V / ¿ - n - £ ê

The English names of these companies referred to in this report represent management's best effort in translating the Chinese names of the companies registered in Chinese mainland, as no English names have been registered.

_ õ ¯ • 7 « ® W Y ® ! (Ì W õ Ö ¤ H d I S d Y ® ! õ Ö ¤ H W M # 4 8 b G I • Ö ¤ H Ô { f

16. INVESTMENTS IN JOINT VENTURES (Continued)

The above investments are held through wholly-owned subsidiaries of the Company.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

16. õ ¥ † 8 Y ³ € ƒ •

j ³ W À @ I ® ! Œ • n ® ! 5 Þ f

h Œ • j (¢ H 9 } Y I « ¥ † 8 Y ¥ ; Ì Ø j

Share of the joint ventures' loss for the year	± & ¥ † 8 Ë « f &	(3,146)
Share of the joint ventures' total comprehensive income	± & ¥ † 8 Œ & × B < X	(3,146)
Aggregate carrying amount of the Group's investments in the joint ventures	I « õ ¥ † 8 ³ Y * & < =	74,945

17. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

17. 8 › ‰ 2 ® ; =] I ü Œ & × B Y p Æ ³

Equity investments designated at fair value through other comprehensive income	8 › ‰ 2 ® ; =] I ü Œ & × B Y p Æ ³	
Unlisted equity investments, at fair value	¢ j 9 p Æ ³ d 2 ® ; =	399,000

During the year, the gain, net of tax, in respect of the Group 's equity investments in Zhongyuan Asset Management Co., Ltd. recognised in other comprehensive income amounted to RMB4,250,000 (2024: gain in other comprehensive income amounted to RMB44,200,000).

õ Ë « d õ I ü Œ & × B ½ © Y I « õ • a * M # Þ " ® ! Y p Æ ³ Y × B € Ô ð ü ° •‰ [O Æ 4,250,000© € Z g Z , Ë j I ü Œ & × B Y × B ‰ [O Æ 44,200,000© •f

At 31 December 2025, the equity investments were pledged to secure certain interest-bearing bank and other borrowings granted to the Group.

õ Z g Z ž Ë d Z Ü g d S Ú d ¢ A Š ê å p I ³ d ø _ { ¬ š I « ð • ¹ Õ ¿ I ü > › f

18. SERVICE CONCESSION INTANGIBLE ASSETS 18. Ì – * — $ ¢ ¾

Cost at 1 January, net of accumulated amortisation	õ S Ü S Ú Y Ó I d Ô ð] Å V	1,376,539
Additions	ô Ä	268,181
Amortisation provided during the year	Ë « d Å V	(118,958)
Disposal of a subsidiary	/ S • • n ® !	–
At 31 December	õ d Z Ü g d S Ú	1,525,762
At 31 December:	õ d Z Ü g d S Ú j	
Cost	Ó I	2,034,017
Accumulated amortisation	] Å V	(508,255)
Net carrying amount	* & =	1,525,762

As at 31 December 2025, the Group's service concession intangible assets with a carrying value of RMB1,102,170,000 (2024: RMB1,106,152,000) were pledged to secure certain interest-bearing bank and other borrowings granted to the Group (note 29).

õ Z g Z ž Ë d Z Ü g d S Ú d I « * & = [O Æ 1,102,170,000©€ Z g Z , Ë j [O Æ 1,106,152,000© •Y Ì – * — $ ¢ ¾ Š ê å * ¬ š I « ð • ¹ Õ ¿ I ü > › Y Ä - € • W 29 •f

19. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

The recoverable amounts of the cash-generating units of "waste water treatment plant" and "the manufacture of chemicals for waste water treatment" have been determined based on a value in use calculation using cash flow projections based on financial forecasts approved by senior management covering a period of 20 years and based on the assumption that the sizes of the operations remain constant perpetually. The pre-tax discount rate applied to the cash flow projections is 9.33% (2024: 9.33%).

Assumptions were used in the value in use calculation of the "waste water treatment plant" and "the manufacture of chemicals for waste water treatment" cash-generating units for 31 December 2025 and 31 December 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

Price inflation — The basis used to determine the value assigned to price inflation is the forecast price indices during the budget year for the relevant markets.

The values assigned to the key assumptions on market development of waste water treatment plant and the manufacture of chemicals for waste water treatment, discount rates and price inflation are consistent with external information sources.

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= > › f $ – t Ž k » Ð \ Y ü Ã h
$ ‰ 9.33%€ Z g Z , Ë j9.33% •f

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˜ [* î å ˆ # Ô \ · ª Ü ™$ – * [
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Y M # 4 ì ½ I $ – t Ž k » † ‘
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Y ô ÿ £ = ~ . ¢ Ø 8 U S ç f

20. FINANCIAL RECEIVABLES

[redacted]

Receivables under service concession arrangements	$ ¢ ¾ Ä ° Đ × › °	[redacted]	11,677,750

20. FINANCIAL RECEIVABLES (Continued)

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 Chinese mainland. The calculation reflects the probability-weighted outcome, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forward-looking credit risk information.

The increase in the loss allowance was mainly due to the increase in the expected credit loss rate of financial receivables.

Set out below is the information about the credit risk exposure on the Group's financial receivables:

[redacted]			
Expected credit loss rate	k , ¦ r f &	[redacted]	0.0323%
Gross carrying amount (RMB'			

21. DEFERRED TAX (Continued)

[redacted]

Deferred tax assets	È · ü ° *
At 31 December 2024	õ Z g Z , Ë d Z Ü g d S Ú
Deferred tax debited to equity during the year	Ë « õ Æ B Ô ð Y È · ü °
Deferred tax (charged)/credited to profit or loss during the year	Ë « õ & B€ Ô ð •] Y B Ô ð Y È · ü ¹ y

[redacted]

[redacted]

21. DEFERRED TAX (Continued)

31 December 2024

22. TRADE AND BILLS RECEIVABLES(Continued)

Included in the Group ’s trade and bills receivables are amounts due from the Group ’s associates of RMB101,442,000 (2024: RMB99,297,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

At 31 December 2025, the Group’s trade and bills receivables with a carryd 1roup

22. q ø Ð × › ° ¿ Ð × C ½ € ƒ •

l « Y q ø Ð × › ° ¿ Ð × C ½ < Ð × l « L ® ! › ° ‰ [O Æ 101,442,000©€ Z g Z , Ë j [O Æ 99,297,000© •d › ° 2 l « £ ô Ò d 6 Y ó ' ¦ r â › µ ” f

õ Z g Z ž Ë d Z Ü g d S Ú d l « * & = [O Æ 2,269,093,000©€ Z g Z , Ë j [O Æ 1,444,439,000© •Y q ø Ð × › ° Š ê å * ¬ š l « ð • ¹ Õ ¿ l ü > › Y Ä -€ • W 29 •f

õ S , K d ì ½ ï C Ú , ¿ Ô ð f & a ê d l « Y q ø Ð × › ° ¿ Ð × C ½ Y * g ± ½ h j

q ø Ð × › ° ¿ Ð × C ½ Y ¯ = f & a ê ½ h j

22. TRADE AND BILLS RECEIVABLES(Continued)

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

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

22. q ø Ð × › ° ¿ Ð × C ½ € ƒ •

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d ø Ž k , ¦ r f & f a ê W ?
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± Å \ 9 Y C , Ú p > › f Q À H
Ð Í Æ e ¬ Æ Û œ = ¿ õ
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¿ J 8 ¾ ö K 1 k » Y ¥ # ¿ f Ø f

h Œ 1 • Þ ë 4 \ a ê I ì Y I « q
ø Ð × › ° ¿ Ð × C ½ Y ¦ r , ˆ Y
Ø j

As at 31 December 2025 õ Z g Z ž Ë d Z Ü g d S Ú

[redacted]

Expected credit loss rate	k , ¦ r f &	[redacted]				
Gross carrying amount (RMB'000)	< * & = € [O Æ w © •					
Expected credit losses (RMB'000)	k , ¦ r f & € [O Æ w © •					

As at 31 December 2024 õ Z g Z , Ë d Z Ü g d S Ú

[redacted]

Expected credit loss rate	k , ¦ r f &	0.98%	1.16%	1.59%	6.33%	3.93%
Gross carrying amount (RMB'000)	< * & = € [O Æ w © •	536,078	433,744	594,654	1,734,732	3,299,208
Expected credit losses (RMB'000)	k , ¦ r f & € [O Æ w © •	5,273	5,034	9,479	109,734	129,520

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

23. k ù › ° e l ü Ð × › ° ¿ l ü *

Loans to third parties	> š K g Ù Y r ›		181,151
Deductible input VAT	ê Ô # = ü † ü °		131,036
Loans to a joint venture and an associate	> š S • ¥ † 8 ¿ S • L ® ! Y r ›		45,950
Deposits	2 –		33,785
Prepayments	k ù › °		20,689
Staff advances	p ˆ ¦ ›		2,953
Other receivables	l ü Ð × › °		408,413
			823,977
Impairment allowance	¯ = a ê		(44,590)
Total	<		779,387
Portion classified as current assets	± ó ‰ t * Y Å ±		(760,656)
Non-current portion	¢ C , Å ±		18,731

24. CONTRACT ASSETS (Continued)

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

[redacted]			
At beginning of the year	õ Ë ‹	[redacted]	671
Impairment losses, net (note 6)	¯ = f & X€ • W 6 •		99

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

27. TRADE AND BILLS PAYABLES

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

For retention money payables included in trade payables, in

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

29. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

[redacted]

		[redacted]	
Analysed into:	± j		
Interest-bearing bank and other borrowings repayable:	Ð µ ” ¹ Õ ¿ l ü > › j		
Within one year	S Ë ø «		2,960,777
In the second year	K Z Ë		2,693,182
In the third to fifth years, inclusive	K g K ž Ë€ < / ˆ G Ë •		2,218,571
Beyond five years	ž Ë		1,737,798
		[redacted]	

31. SHARE OPTION SCHEME (Continued)

The following share options were outstanding under the share option scheme during the year:

32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 91 and page 92 of the consolidated financial statements.

32. · ê

I « I Ë ¿ @ » Ë Y · ê – X ¿ I O • õ] ¥ Ì Œ K 91 + K 92 + Y] ¥ Æ B Œ « f

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,948,000 (2024: RMB520,000) and RMB2,948,000 (2024: RMB520,000), respectively, in respect of lease arrangements for office properties.

33.] ¥ $ – t Ž Œ • W

(a) ô ¢ $ – t ø

Ë « d I « 1 l ® J 8 a #

(b) Changes in liabilities arising from financing activities

2025

At 1 January 2025	õ Z g Z ž Ë S Ü S Ú
Changes from financing cash flows	D $ – t Ž
New leases	- a #
Foreign exchange movement	. Ò
Interest expense	; ¹ š Õ
Interest paid classified as financing cash flows	± ó ‰ D $ – t Ž Y Š ù ; ¹
Disposal of subsidiaries, net of cash	/ • n ® ₹ Ô ð $ – •
At 31 December 2025	õ Z g Z ž Ë d Z Ü g d S Ú

* Other payables and accruals mainly represent interest payable, and certain borrowings provided by related parties.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

33.] ¥ $ – t Ž Œ • W € ƒ •

(b) Changes in liabilities arising from financing activities (Continued)

(b) D z * [Y À € ƒ •

2024 Z g Z , Ë

At 1 January 2024	õ Z g Z , Ë S Ü S Ú	9,914,419	2,616	10,039
Changes from financing cash flows	D $ – t Ž	(131,288)	(1,273)	384
New leases	- a #	–	520	–
Foreign exchange movement	. Ò	2,525	–	–
Interest expense	; ¹ š Õ	544,126	85	–
Interest paid classified as financing cash flows	± ó ‰ D $ – t Ž Y Š ù ; ¹	(477,744)	–	–
Debt restructuring	À \	–	–	(4,725)
Decrease arising from classified as liabilities held for sale (note 26)	ª ± ó ‰ 5 Þ / Y À * [Y ¯ Ç € • W 26 •	(241,710)	–	–
At 31 December 2024	õ Z g Z , Ë d Z Ü g d S Ú	9,610,328	1,948	5,698

* Other payables and accruals mainly represent interest payable, and certain borrowings provided by related parties.

* l ü Ð ù › ° ¿ Ð l \ ô 8 Ð ù ; ¹ ¿ ð • _ ë L Ù d 6 Y > › f

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

(c) a # Y $ – t < X

1 õ $ – t Ž Œ Y a # $ – t < X ½ h j

Within financing activities	D z Í «	[redacted]	1,273

34. CONTINGENT LIABILITIES

At the end of the year, the Group did not have any significant contingent liabilities.

34. Ð Í À

õ l Ë K d l « (Ì , } Ð Í À f

35. PLEDGE OF ASSETS

Details of the Group's bank and other borrowings, which are secured by the assets of the Group, are included in note 29 to the consolidated financial statements.

35. * ê å

Þ ë ø l « * Ä - Y l « Õ ¿ l ü > › ‹ 1 õ] ¥ Ì Œ • W 29 f

36. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

[redacted]

Contracted, but not provided for	Š Ò (J a ê	[redacted]	110,148

The Group had the following commitments with respect to service concession arrangements at the end of the year:

õ l Ë K d l « Þ h • Þ ë $ ¢ ¾ Ä ° Y Õ Ä j

[redacted]

Contracted, but not provided for	Š Ò (J a ê	[redacted]	2,178,156

37. / • n ® !

(a) / • † p : 100% Y p Æ

½ • W 26 Ô Þ £ d • † p :
/ 100% p Æ Š õ Ë « • Ó f

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Ú ß Ë d Ô / ˜ • n ® ! ˜
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37. DISPOSAL OF SUBSIDIARIES(Continued)

(b) Disposal of 80% equity interest in Longkou Kangyuan

In 2025, Chongqing Kangda disposed of its 80% equity interest in Longkou Kangyuan for a total consideration of RMB3,126,000.

The net assets/liabilities of the subsidiary disposed of during the year ended 31 December 2025 were as follows:

37. / • n ® ! € ƒ •

(b) / ² y p U 80% p Æ

õ Z g Z ž Ë d E p : / l
õ ² y p U 80% Y p Æ d < þ
‰ [O Æ3,126,000 © f

Ú Z g Z ž Ë d Z Ü g d S
Ú ß Ë d Ô / • n ® ! Y
* J À = ½ h j

Net assets disposed of:	Ô / * = j
Property, plant and equipment	J 8 e @ Ò ¿ £ ê
Service concession intangible assets	Ì – * 7 $ ¢ ¾
Inventories	À ¬
Trade and bills receivables	q ø Ð × › ° ¿ Ð × C ½
Prepayments, other receivables and other assets	k ù › ° e l ü Ð × › ° ¿ l ü *
Pledged deposits	ê å À ›
Cash and cash equivalents	$ – ¿ $ – J
Trade and bills payables	q ø Ð ù › ° ¿ Ð ù C ½
Other payables and accruals	l ü Ð ù › ° ¿ Ð l \
Deferred tax liabilities	È · ü ° À
Non-controlling interests	¢ › S Æ B
Net assets disposed of	Ô / * =
Loss on disposal of subsidiaries	/ • n ® ! Y f &
Total consideration	< þ
Satisfied by:	2 ø h Ù Ì µ ù j
Cash	$ –
Cash consideration received during the year ended 31 December 2025	Ú Z g Z ž Ë d Z Ü g d S Ú ß Ë Š × $ – þ
Cash and bank balances disposed of	Ô / $ – ¿ Õ q
Net inflow of cash and cash equivalents in respect of the disposal of subsidiary	/ • n ® ! Y $ – ¿ $ – J t] X

37. DISPOSAL OF SUBSIDIARIES(Continued)

(c) Disposal of 100% equity interest in Liangshan Kangda Water Company Limited ("Liangshan Kangda")

In 2025, Chongqing Kangda disposed of its 100% equity interest in Liangshan Kangda for a total consideration of RMB80,000,000.

The net assets/liabilities of the subsidiaries disposed of during the year ended 31 December 2025 were as follows:

37. / • n ® ! € ƒ •

(c) / Ñ † p : å Þ " ® ! € Ñ † p : ™• 100% p Æ

õ Z g Z ž Ë d E p : / I
õ Ñ † p : 100% Y p Æ d < þ
‰ [O Æ80,000,000 © f

Ú Z g Z ž Ë d Z Ü g d S Ú ß Ë d Ô / • n ® ! Y * J À = ½ h j

Net assets disposed of:	Ô / * = j
Property, plant and equipment	J 8 e @ Ò ¿ £ ê
Financial receivables	– D Ð × › °
Inventories	À ¬
Trade and bills receivables	q ø Ð × › ° ¿ Ð × C ½
Cash and cash equivalents	$ – ¿ $ – J
Trade and bills payables	q ø Ð ù › ° ¿ Ð ù C ½
Other payables and accruals	I ü Ð ù › ° ¿ Ð I \
Tax payable	Ð ù ü °
Deferred tax liabilities	È · ü ° À
Net assets disposed of	Ô / * =
Loss on disposal of subsidiaries	/ • n ® ! Y f &
Total consideration	< þ
Satisfied by:	2 ø h Ù Ì µ ù j
Cash	$ –
Cash consideration received during the year ended 31 December 2025	Ú Z g Z ž Ë d Z Ü g d S Ú ß Ë Š × $ – þ
Cash and bank balances disposed of	Ô / $ – ¿ Õ q
Net inflow of cash and cash equivalents in respect of the disposal of subsidiary	/ • n ® ! Y $ – ¿ $ – J t] X

37. DISPOSAL OF SUBSIDIARIES(Continued)

(d) Disposal of 100% equity interest in Chongqing Zhongya Technology Co., Ltd.("Chongqing Zhongya")

In 2025, Chongqing Kangda and its subsidiary disposed of their 100% equity interest in Chongqing Zhongya for a total consideration of negative RMB2,000,000.

The net assets/liabilities of the subsidiaries disposed of during the year ended 31 December 2025 were as follows:

37. / • n ® ! € ƒ •

(d) / E • © Å ¦ Þ " ® ! € E • © ™• 100% p Æ

õ Z g Z ž Ë d E p : ¿ l ü • n ® ! / l õ E • © 100% p Æ d < þ ‰ [O Æ 2,000,000 © f

Ú Z g Z ž Ë d Z Ü g d S Ú ß Ë d Ô / • n ® ! Y * J À = ½ h j

Net assets disposed of:	Ô / * = j
Trade and bills receivables	q ø Ð × › ° ¿ Ð × C ½
Prepayments, other receivables and other assets	k ù › ° e l ü Ð × › ¿ l ü *
Pledged deposits	ê å À ›
Cash and cash equivalents	$ – ¿ $ – J
Trade and bills payables	q ø Ð ù › ° ¿ Ð ù C ½
Other payables and accruals	l ü Ð ù › ° ¿ Ð l \
Interest-bearing bank and other borrowings	¹ Õ ¿ l ü > ›
Net assets disposed of	Ô / * =
Loss on disposal of subsidiaries	/ • n ® ! Y f &
Total consideration	< þ
Satisfied by:	2 ø h Ù Ì µ ù j
Cash	$ –
Cash consideration paid during the year ended 31 December 2025	Ú Z g Z ž Ë d Z Ü g d S Ú ß Ë Š ù $ – þ
Cash and bank balances disposed of	Ô / $ – ¿ Õ q
Net outflow of cash and cash equivalents in respect of the disposal of subsidiary	/ • n ® ! Y $ – ¿ $ – J t X

37. DISPOSAL OF SUBSIDIARIES(Continued)

(e) Disposal of 100% equity interest in Chongqing Shengjun Technology Co., Ltd.("Chongqing Shengjun")

In 2025, Chongqing Kangda and its subsidiary disposed of their 100% equity interest in Chongqing Shengjun for a total consideration of negative RMB3,000,000.

The net assets/liabilities of the subsidiaries disposed of during the year ended 31 December 2025 were as follows:

37. / • n ® ! € ƒ •

(e) / E Ë º Å ¦ Þ " ® ₾ E Ë º ™ 100% p Æ

õ Z g Z ž Ë d E p : ¿ l ü • n ® ! / l õ E Ë º 100% p Æ d < þ ‰ [O Æ 3,000,000 © f

Ú Z g Z ž Ë d Z Ü g d S Ú ß Ë d Ô / • n ® ! Y * J À = ½ h j

Net assets disposed of:	Ô / * = j
Property, plant and equipment	J 8 e @ Ò ¿ £ ê
Inventories	À ¬
Trade and bills receivables	q ø Ð × › ° ¿ Ð × C ½
Prepayments, other receivables and other assets	k ù › ° e l ü Ð × › ° ¿ l ü *
Pledged deposits	ê å À ›
Cash and cash equivalents	$ – ¿ $ – J
Trade and bills payables	q ø Ð ù › ° ¿ Ð ù C ½
Other payables and accruals	l ü Ð ù › ° ¿ Ð l \
Interest-bearing bank and other borrowings	¹ Õ ¿ l ü > ›
Net assets disposed of	Ô / * =
Loss on disposal of subsidiaries	/ • n ® ! Y f &
Total consideration	< þ
Satisfied by:	2 ø h Ù Ì µ ù j
Cash	$ –
Cash consideration paid during the year ended 31 December 2025	Ú Z g Z ž Ë d Z Ü g d S Ú ß Ë Š ù $ – þ
Cash and bank balances disposed of	Ô / $ – ¿ Õ q
Net outflow of cash and cash equivalents in respect of the disposal of subsidiary	/ • n ® ! Y $ – ¿ $ – J t X

38. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the year:

38. ë L Ù t ø

(a) I « õ I Ë ~ ë L Ù † Y
} t ø ½ h j

Certain expenses of the Group paid by non-controlling shareholders of:	_ h • ® ! Y ¢ › p p Õ ù Y I « ð • š Õ j		
Huizhou Kangda	I È p :		384
Services provided to associates and a joint venture:	£ L ® ! ¿ S • ¥ † 8 d 6 Y j		
Leping Hehu	€ ; & ³		12,305
Fuzhou Fuhe	h È h &		3,236
Gaomi Kangrui	÷ W p •		855
Services provided by a subsidiary of a shareholder:	_ p Y S • • n ® ! d 6 Y j		
Jiangxi Silver Dragon (i)	ê Õ ² (i)		41,090
Services provided by a non-controlling shareholder	_ S ¤ ¢ › p p d 6 Y		
Jiaoling Kangda	< Ê p :		262

(i) Jiangxi Silver Dragon Water Environment Construction Co., Ltd. (ê Õ ² å ¤ £ Þ " ª , ® !) (“Jiangxi Silver Dragon”) is a subsidiary of the largest shareholder of the Group. This related party transaction also constitutes a connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

The Group is contractually authorised to use a piece of land which is legally owned by the non-controlling shareholder of Jilin Kangda without charge, and such use also constitutes a related party transaction during the year.

The above related party transactions were conducted in accordance with the terms mutually agreed between the parties.

(i) ê Õ ² å ¤ £ Þ " ª , ® ! € ê Õ ² ™ • ‰ I « ð } p Y • n ® ! f ë L Ù t ø u ô Ó ë ¹ t ø Ð 5 ƒ ë ¹ t ø € › È j 9 • Æ K 14A Ý •f

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38. RELATED PARTY TRANSACTIONS(Continued) 38. ë L Ù t ø €ƒ•

(b) Outstanding balances with related parties (b) ~ ë L Ù Y J µ ” q

Amounts due to non-controlling shareholders of:	Đ ù ø h ® ! ¢ › p p › ° j		
Jilin Kangda	› p :		8,550
Huizhou Kangda	I È p :		5,698
Jiaoling Kangda	< Ê p :		940
Amounts due to associates:	Đ ù ø h L ® ! › ° j		
Eastern Sludge Treatment (note 27)	Ù [Ò ö ó€ • W 27 •		10,120
Amounts due to the subsidiary of a shareholder:	Đ ù p Y ø h • n ® ! › ° j		
Jiangxi Silver Dragon	ê Õ ²		253,918
Amounts due from non-controlling shareholders of:	Đ × ø h ® ! ¢ › p p › ° j		
Jiaoling Kangda	< Ê p :		1,686
Shenyang Jinhai	è ¢ •		1,100
Weihai Kangda	þ p :		43
Amounts due from associates:	Đ × ø h L ® ! › ° j		
Fuzhou Fuhe	h È h &		124,017
Leping Hehu	€ ; & ³		41,818
Amounts due from joint ventures:	Đ × ø h ¥ † 8 › ° j		
Tianqiyuan	Â		11,865
Gaomi Kangrui	÷ W p •		18,854

(c) Compensation of key management personnel of the Group (c) I « ô M # 4 [p Y Z G

Short term employee benefits	õ , ‡ p E ;		1,058
Equity-settled share option expense	ø Æ B Q Y … p Æ š Õ		192
Total compensation paid to key management personnel	Õ ù š ô M # 4 [p Y Z G < X		1,250

Further details of directors’ emoluments are included in note 8 to the consolidated financial statements.

è + G – Y † S É ‹ 1 õ] ¥ Ì Œ • W 8 f

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of financial receivables, prepayments, other receivables and other assets, trade and bills payables, interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risks for trade and bills payables, interest-bearing bank and other borrowings as at the end of the year were assessed to be insignificant.

The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to book value (P/B), for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by book value measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding P/B of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

40. – D ˆ H ® ; = ¿ ® ; = t € ƒ •

– D * ¿ À Y ® ; = 2 ô Ù õ S
° $ t ø • t l Þ ë ˆ H Y – X€ v
Ð ö µ / ð . •• = f ø h ‰
® ; = Ô \ Y Ù , ¿ ÿ £

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:
As at 31 December 2025

[redacted]

Financial assets at fair value through profit or loss	2 ® ; =] & B Y – D *	
Equity investments designated at fair value through other comprehensive income	8 › ‰ 2 ® ; =] l ü Œ & × B Y p Æ ³	

As at 31 December 2024

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

40. – D ˆ H ® ; = ¿ ® ; = t € ƒ •

Fair value hierarchy (Continued)

® ; = t € ƒ •

Liabilities measured at fair value:

2 ® ; = Ž Y À j

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 and 31 December 2024.

õ Z g Z ž Ë d Z Ü g d S Ú ¿ Z g Z , Ë d Z Ü g d S Ú d l « (Ì , 2 ® ; = Ž Y – D À f

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial liabilities (2024: Nil).

õ Ë « d 1 – D À þ d K S t ~ K Z t ˜ œ (Ì ® ; = Ž 7 a d u Ì ° f 7] Ð 7 K g t € Z g Z , Ë j Ì ‹ f

Assets for which fair values are disclosed:

Š Þ £ ® ; = Y * j

As at 31 December 2025

õ Z g Z ž Ë d Z Ü g d S Ú

	– D Ð × › ° d ¢ C , Å ±				
Financial receivables, non-current portion		–	9,734,966	–	9,734,966
		–	9,734,966	–	9,734,966

As at 31 December 2024

õ Z g Z , Ë d Z Ü g d S Ú

	– D Ð × › ° d ¢ C , Å ±				
Financial receivables, non-current portion		–	9,734,966	–	9,734,966
		–	9,734,966	–	9,734,966

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

As at 31 December 2025

Trade and bills payables, non-current portion	q ø Ð ù › ° ¿ Ð ù C ½ ¢ C , Å ±	d			
Interest-bearing bank and other borrowings, non-current portion	¹ Õ ¿ l ü > › ¢ C , Å ±	d			
Total	<				

As at 31 December 2024

Trade and bills payables, non-current portion	q ø Ð ù › ° ¿ Ð ù C ½ ¢ C , Å ±	d	–	4	–	4
		d				and other borrowi
	¢ C , Å ±					non-current portio
			–	6,664,128	–	6,664,128

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, cash and cash equivalents and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as financial receivables, trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk. Generally, the senior management of the Company meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. In addition, the board of directors of the Company holds meetings regularly to analyse and approve the proposals made by the senior management of the Company. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading pgh60y73 (i)-23 (a)- an (e)-25 ( )-11ET(e)-25h60y73 (i)-23 ( )-11Eb2 ( )-108 (pga2 (n)-22 (g)-di)-23 ( )-11E108 (pgfi)-2

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

41. Ì , ˆ M # f z ¿ A € ƒ •

(c) Liquidity risk (Continued)

The maturity profile of the Group 's financial liabilities at the end of the year, based on the contractual undiscounted payments, is as follows:

(c) t – , ˆ € ƒ •

õ I Ë K d I « Y – D À
ì ½ ¥ Ò J h $ ù › Œ ± Y Q ,
K 1 ½ h j

[redacted]

Lease liabilities	a # À	[redacted]				
Interest-bearing bank and other borrowings (excluding lease liabilities)	¹ Õ ¿ I ü > › € ” < a # À •					
Trade and bills payables	q ø Ð ù › ° ¿ Ð ù C ½					
Financial liabilities included in other payables and accruals	] I ü Ð ù › ° ¿ Ð I \ Y – D À					
Total contractual undiscounted payments	¥ Ò ¢ h $ ù › < X					

[redacted]

Lease liabilities	a # À	468	303	398	1,138	2,307
Interest-bearing bank and other borrowings (excluding lease liabilities)	¹ Õ ¿ I ü > ›					

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

41. Ì , ˆ M # f z ¿ A € ƒ •

(d) Foreign currency risk

The Group has minimal transactional currency exposures as the majority of the subsidiaries of the Group operate in the PRC with most of the transactions denominated and settled in RMB.

In addition, the Group has currency exposures from its cash and cash equivalents and interest-bearing bank borrowings. The Group manages foreign currency risk by closely monitoring the proportion of its non-Renminbi borrowings and assets.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB/HK$ and RMB/US$ exchange rates, with all other variables held constant, of the Group's profit before tax and the Group's equity.

(d) ¬ Æ , ˆ

_ õ l « } Å ± • n ® ! ¯ • 7 ¾ 8 d ò } Å ± t ø ø [O Æ = ¿ Q d B l « Y t ø ¬ Æ , ˆ Ÿ f

ä . d l « ª l $ – ¿ $ – J ø ¿ ¹ Õ > › þ & W ¬ Æ , ˆ f l « À @ W ² 9 À l ¢ [O Æ > r ¿ * Y â 7 M # ¬ Æ , ˆ f

h Œ j ¯ Ô Þ l ü p j 5 ” Y ‹ 1 h d l « ð ü Ã P ; ¿ l « Æ B õ S , K Á [O Æ J ¥ © ¿ [O Æ J Õ © Ò Y ¥ # • Y ½ f

[redacted]

2025	Z g Z ž Ë			
If the RMB weakens against the US$ by 5%	J [O Æ 3 Õ © p =	5%		
If the RMB strengthens against the US$ by 5%	J [O Æ 3 Õ © º =	5%		
If the RMB weakens against the HK$ by 5%	J [O Æ 3 ¥ © p =	5%		
If the RMB strengthens against the HK$ by 5%	J [O Æ 3 ¥ © º =	5%		
2024	Z g Z , Ë			
If the RMB weakens against the US$ by 5%	J [O Æ 3 Õ © p =	5%	(1,216)	(1,216)
If the RMB strengthens against the US$ by 5%	J [O Æ 3 Õ © º =	5%	1,216	1,216
If the RMB weakens against the HK$ by 5%	J [O Æ 3 ¥ © p =	5%	15	15
If the RMB strengthens against the HK$ by 5%	J [O Æ 3 ¥ © º =	5%	(15)	(15)

* Excluding retained profits

* ” < - 5 P ;

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

41. Ì , ˆ M # f z ¿ A € ƒ •

(e) Capital management (Continued)

(e) I M # € ƒ •

Trade and bills payables (note 27)	q ø Ð ù › ° ¿ Ð ù C ½ € • W 27 •		1,849,720
Other payables and accruals (note 28)	I ü Ð ù › ° ¿ Ð I \ € • W 28 •		142,038
Interest-bearing bank and other borrowings (note 29)	¹ Õ ¿ I ü > »€ • W 29 •		9,610,328
Lease liabilities (note 14)	a # À€ • W 14 •		1,948
Less: Cash and cash equivalents (note 25)	¯ j $ – ¿ $ – J€ • W 25 •		(122,158)
Less: Pledged deposits (note 25)	¯ j ê å À »€ • W 25 •		(93,698)
Net debt	À X		11,388,178
Total equity	< Æ B		6,019,845
Capital and net debt	I ¿ À X		17,408,023
Gearing ratio	* À â		65%

42. EVENTS AFTER THE REPORTING PERIOD

No significant events took place subsequent to 31 December 2025.

42. S , + °

õ Z g Z ž Ë d Z Ü g d S Ú (Ì ï [} + ° f

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

43. I ® ! Ì K 1 Œ

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

S , K I ® ! Ì K 1 Œ Y Ø ½ h j

NON-CURRENT ASSETS	¢ t *		
Investments in subsidiaries	õ • n ® ! Y ³		1,220,970
Total non-current assets	¢ t * < =		1,220,970
CURRENT ASSETS	t *		
Prepayments, other receivables and other assets	k ù › ° e l ü Ð × › ° ¿ l ü *		746,558
Cash and cash equivalents	$ – ¿ $ – J		157
Total current assets	t * < =		746,715
CURRENT LIABILITIES	t À		
Other payables and accruals	l ü Ð ù › ° ¿ Ð l \		222,379
Total current liabilities	t À < X		222,379
NET CURRENT ASSETS	t * =		524,336
TOTAL ASSETS LESS CURRENT LIABILITIES	* < = ¯ t À		1,745,306
Net assets	* =		1,745,306
EQUITY	Æ B		
Issued capital	Š ï p l		17,125
Reserves (note)	· ê€ • W •		1,728,181
Total equity	Æ B < X		1,745,306

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

43. I ® ! Ì K 1 Œ €ƒ •

Note: • W j

A summary of the Company's reserves is as follows: I ® ! · ê Y ? ½ h j

At 1 January 2024	õ Z g Z , Ë S Ü S Ú	1,717,384	65,553	(65,950)	1,716,987
Profit for the year	Ë « P ;	–	–	6,053	6,053
Equity-settled share option arrangements	ø Æ B Q Y … p Æ Ä °	–	5,141	–	5,141
At 31 December 2024 and 1 January 2025	õ Z g Z , Ë d Z Ü g d S Ú ¿ Z g Z ž Ë S Ü S Ú	1,717,384	70,694	(59,897)	1,728,181
Profit for the year	Ë « P ;				
Equity-settled share option arrangements	ø Æ B Q Y … p Æ Ä °				
At 31 December 2025	õ Z g Z ž Ë d Z Ü g d S Ú				

On 31 May 2024, the Company granted a total of 213,973,500 share options to subscribe for a total of 213,973,500 ordinary shares in the share capital of the Company under the share option scheme adopted by the Company on 14 June 2014. The Group recognised a share option expense of RMB3,569,000 (31 December 2024: RMB5,141,000) during the year ended 31 December 2025.

õ Z g Z , Ë ž Ü g d S Ú d I ® ! Š ì ½ I õ Z g S , Ë ¬ Ü d , Ú ® v Y … p Æ Œ ¬ ¥ • 213,973,500… … p Æ d © … I ® ! p I • ¥ • 213,973,500p w · p f õ Ú Z g Z ž Ë d Z Ü g d S Ú ß Ë d I « ½ © … p Æ š Õ [O Æ 3,569,000©€ Z g Z , Ë d Z Ü g d S Ú j [O Æ 5,141,000© •f

44. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

44. - X] ¥ Ì Œ

The consolidated financial statements were approved and authorised for issue by the board of directors on 19 March 2026.

] ¥ Ì Œ õ Z g Z ¬ Ë g Ü d X Ú è + 6 - X ¿ ¬ Æ ï f

Financial Summary
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A summary of the results and of the assets, liabilities and total equity of the Group for the last five financial years is as set below:

RESULTS

Revenue	× B	[redacted]	2,261,282	2,216,381	2,896,589	2,918,958
Profit before tax	ð ü Ã P ;	[redacted]	236,243	233,954	374,341	550,245
Income tax	Ô { ü	[redacted]	(65,362)	103,726	134,379	132,064
Profit for the year	Ë « P ;	[redacted]	170,881	130,228	239,962	418,181

Financial Summary
Ì ?

ASSETS, LIABILITIES AND TOTAL EQUITY * e À ¿ Æ B < X