中國水務集團有限公司*
China Water Affairs Group Limited

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 855)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2026

FINANCIAL HIGHLIGHT FOR THE YEAR ENDED 31 MARCH

		2026 *HK$ million*	2025 *HK$ million*	Changes % *Note (1)*
Revenue	Total	**10,335.8**	11,655.6	(11.3)
	Pipeline direct drinking water supply operations and pipeline direct drinking water supply installation and maintenance services	**323.4**	357.9	(9.6)
	Pipeline direct drinking water supply construction services	**148.7**	219.8	(32.3)
	City water supply operations and city water supply installation and maintenance services	**4,806.4**	4,858.2	(1.1)
	City water supply construction services	**2,205.6**	2,832.8	(22.1)
	Sewage treatment and drainage operations services	**678.2**	641.4	5.7
	Sewage treatment and water environmental renovation construction services	**756.0**	729.5	3.6
Segment profit	Pipeline direct drinking water supply	**122.3**	243.2	(49.7)
	City water supply	**1,968.5**	2,492.9	(21.0)
	Environmental protection	**660.0**	555.8	18.7
EBITDA (*Note (2)*)		**4,230.5**	4,720.0	(10.4)
Profit for the year attributable to owners of the Company		**986.2**	1,074.7	(8.2)
Earnings per share – Basic		**HK$0.61**	HK$0.66	(7.6)
Final dividend per share		**HK13 cents**	HK15 cents	(13.3)
Dividend payout ratio (including final and interim dividend)		**42.6%**	42.4%	0.5

Notes: (1) The average exchange rate of Renminbi to Hong Kong Dollar adopted by the Group for financial reporting purpose appreciated by approximately 3.3% as compared with the last corresponding year.

(2) Calculated as profit before finance costs, income tax, depreciation and amortisation.

* *For identification purpose only*

RESULTS

The Board of Directors (the "Directors") of China Water Affairs Group Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2026 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2026

	Notes	**2026**	2025
		HK$'000	*HK$'000*
Revenue	3	**10,335,788**	11,655,565
Cost of sales		**(6,777,381)**	(7,250,587)
Gross profit		**3,558,407**	4,404,978
Other income, net	3	**370,221**	544,506
Selling and distribution costs		**(224,224)**	(222,035)
Administrative expenses		**(693,683)**	(702,201)
Expected credit loss on trade and other receivables		**(10,000)**	(497,735)
Operating profit	5	**3,000,721**	3,527,513
Finance costs	6	**(713,509)**	(847,116)
Share of results of associates		**30,014**	69,748
Profit before income tax		**2,317,226**	2,750,145
Income tax expense	7	**(533,129)**	(722,067)
Profit for the year		**1,784,097**	2,028,078

	Notes	**2026**	2025
	Notes	***HK$'000***	*HK$'000*
Profit for the year attributable to:			
Owners of the Company		**986,168**	1,074,663
Non-controlling interests		**797,929**	953,415
		1,784,097	2,028,078
Earnings per share for profit attributable to owners of the Company during the year	9	***HK$***	*HK$*
Basic		**0.61**	0.66
Diluted		**0.61**	0.66

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2026

	2026	2025
	HK$'000	*HK$'000*
Profit for the year	**1,784,097**	2,028,078
Other comprehensive income/(loss)		
Items that have been or may be reclassified subsequently to profit or loss:		
– Fair value changes on derivative financial instruments	**(76,936)**	–
– Currency translation	**1,064,131**	(315,316)
– Recycling of currency translation differences upon disposal or deregistration of subsidiaries, net	**580**	(1,130)
Items that will not be reclassified to profit or loss:		
– Change in fair value of financial assets at fair value through other comprehensive income	**12,131**	13,397
– Share of other comprehensive income of an associate	**2,446**	17,068
Other comprehensive income/(loss) for the year, net of tax	**1,002,352**	(285,981)
Total comprehensive income for the year	**2,786,449**	1,742,097
Total comprehensive income attributable to:		
Owners of the Company	**1,704,086**	880,949
Non-controlling interests	**1,082,363**	861,148
	2,786,449	1,742,097

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

	Notes	**2026** **HK$'000**	2025 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,682,895**	2,532,627
Right-of-use assets		**1,383,240**	1,332,683
Investment properties		**1,504,810**	1,457,690
Investment in associates		**2,466,445**	2,266,806
Financial assets at fair value through other comprehensive income		**376,113**	361,214
Goodwill		**1,391,634**	1,362,565
Other intangible assets		**37,510,896**	34,155,770
Prepayments, deposits and other receivables		**598,484**	679,244
Contract assets		**1,588,752**	2,080,110
Receivables under service concession arrangements		**2,692,436**	2,043,187
		52,195,705	48,271,896
Current assets			
Properties under development		**655,736**	610,162
Properties held for sale		**1,175,245**	1,328,890
Inventories		**732,303**	672,520
Contract assets		**3,273,091**	2,936,615
Receivables under service concession arrangements		**238,933**	151,464
Trade and bills receivables	10	**2,891,670**	2,527,194
Financial assets at fair value through profit or loss		**78,652**	5,435
Amounts due from non-controlling equity holders of subsidiaries		**520,786**	394,652
Amounts due from associates		**1,402,726**	1,118,031
Prepayments, deposits and other receivables		**2,994,542**	2,424,756
Pledged deposits		**305,058**	678,233
Cash and cash equivalents		**4,238,108**	4,771,795
		18,506,850	17,619,747

	Notes	2026 HK$'000	2025 HK$'000
Current liabilities			
Lease liabilities		**56,335**	47,059
Contract liabilities		**916,911**	854,323
Trade and bills payables	11	**8,177,270**	8,087,089
Accrued liabilities, deposits received and other payables		**2,867,615**	2,995,083
Amounts due to associates		**29,835**	29,995
Borrowings		**7,777,490**	5,735,988
Amounts due to non-controlling equity holders of subsidiaries		**122,730**	212,917
Provision for tax		**3,546,475**	3,446,970
		23,494,661	21,409,424
Net current liabilities		**(4,987,811)**	(3,789,677)
Total assets less current liabilities		**47,207,894**	44,482,219
Non-current liabilities			
Borrowings		**18,376,405**	19,449,230
Lease liabilities		**419,625**	408,271
Contract liabilities		**258,105**	249,810
Amounts due to non-controlling equity holders of subsidiaries		**749,640**	777,323
Deferred government grants		**170,888**	180,534
Deferred tax liabilities		**1,900,498**	1,544,365
		21,875,161	22,609,533
Net assets		**25,332,733**	21,872,686
EQUITY			
Equity attributable to owners of the Company			
Share capital		**16,323**	16,323
Reserves		**15,050,389**	13,155,624
		15,066,712	13,171,947
Non-controlling interests		**10,266,021**	8,700,739
Total equity		**25,332,733**	21,872,686

Notes:

1. **BASIS OF PREPARATION**

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are carried at fair value.

As at 31 March 2026, the Group's current liabilities exceeded its current assets by approximately HK$4,988 million. In assessing whether the Group has sufficient financial resources to continue to operate as a going concern, the directors of the Company have carefully considered the Group's future liquidity and performance and its available financing, taking into account the following plans and measures:

- The Group holds substantial unused banking and loan facilities and has maintained a good track record of repayment, enabling it to secure subsequent financing support on a stable basis.
- Cash inflows generated from the Group's operations after 31 March 2026.
- The Group issued additional US$150 million senior notes due 2030 after 31 March 2026. The directors of the Company believe that the Group will be able to obtain further loan financing on terms acceptable to the Group when needed.

The directors of the Company have reviewed the Group's cash flow projection prepared by management, which covers a period of not less than twelve months from 31 March 2026. The directors of the Company consider that, after taking into account the measures such as the banking and other borrowings continuously available to the Group, the projected cash flows from operations and the Group's ability to draw down on its existing loan facilities, the Group will have sufficient operational capital to fund its business operations and meet its financial obligations as they fall due within twelve months from 31 March 2026. Accordingly, the Group considers that the preparation of the Group's consolidated financial statements on a going concern basis is appropriate.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. **NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP**

The Group has adopted amendments to HKAS 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 HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in were exchangeable, the amendments did not have any impact on the Group's financial statements.

3. REVENUE AND OTHER INCOME

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

	2026	2025
	HK$'000	*HK$'000*
Revenue:		
Point in time		
City water supply operations	**3,796,332**	3,525,711
Pipeline direct drinking water supply operations	**304,709**	314,587
Sales of goods *(Note 1)*	**810,523**	1,097,504
Sales of properties	**23,119**	333,839
Others	**278,036**	277,106
	5,212,719	5,548,747
Overtime		
City water supply installation and maintenance services	**1,010,029**	1,332,454
Pipeline direct drinking water supply installation and maintenance services	**18,641**	43,263
City water supply construction services	**2,205,590**	2,832,823
Pipeline direct drinking water supply construction services	**148,738**	219,760
Sewage treatment and drainage operations services	**678,188**	641,414
Sewage treatment and water environmental renovation construction services	**755,985**	729,528
Hotel and rental income	**84,253**	109,389
Finance income	**107,577**	58,550
Handling income	**43,873**	41,965
Others	**70,195**	97,672
	5,123,069	6,106,818
Total	**10,335,788**	11,655,565
Other income, net:		
Interest income	**199,172**	185,482
Government grants and subsidies *(Note 2)*	**155,363**	144,256
Amortisation of deferred government grants	**11,143**	10,425
Dividend income from financial assets	**759**	6,465
(Loss)/gain on disposal or deregistration of subsidiaries, net	**(742)**	28,960
Fair value gain on investment properties	**–**	55,908
Gain on disposal of property, plant and equipment, net	**4,514**	179
Gain on disposal of right-of-use assets	**107**	4,410
(Loss)/gain on disposal of other intangible assets, net	**(4,037)**	214
Miscellaneous income, net	**3,942**	108,207
Total	**370,221**	544,506

Notes:

1. Sales of goods included sales of pipeline direct drinking water equipment of HK$30,045,000 (2025: HK$78,121,000).

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

4. SEGMENT INFORMATION

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

The Group has identified the following reportable segments:

(i) "City water supply" involves the provision of city water supply operations and construction, installation and maintenance services and other services;

(ii) "Pipeline direct drinking water supply" involves the provision of pipeline direct drinking water supply operations and construction, installation and maintenance services and other services;

(iii) "Environmental protection" involves the provision of sewage treatment and drainage operations and construction services, solid waste and hazardous waste business, environmental sanitation and water environment management;

(iv) "Main contractor construction" involves the provision of municipal public construction services by the Group's subsidiary which possesses Grade 1 main contractor qualification; and

(v) "Property development and investment" segment involves development of properties for sale and investment in properties for long-term rental yields or for capital appreciation.

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

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

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

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

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

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

No asymmetrical allocations have been applied to reportable segments.

For the year ended 31 March 2026

	City water supply HK$'000	Pipeline direct drinking water supply HK$'000	Environmental protection HK$'000	Main contractor construction HK$'000	Property development and investment HK$'000	All other segments HK$'000	Inter-segment elimination HK$'000	Total HK$'000
Revenue								
From external customers	6,865,177	508,148	1,504,934	505,436	53,322	898,771	–	10,335,788
From inter-segment	42,961	4,459	–	334,420	–	8,884	(390,724)	–
Segment revenue	6,908,138	512,607	1,504,934	839,856	53,322	907,655	(390,724)	10,335,788
Segment profit/(loss)	1,968,481	122,257	659,986	270,617	(141,827)	53,153	–	2,932,667
Unallocated corporate income								225,431
Unallocated corporate expense								(157,377)
Finance costs								(713,509)
Share of results of associates	19,058	105	45,446	–	–	(34,595)	–	30,014
Profit before income tax								2,317,226
Income tax expense								(533,129)
Profit for the year								1,784,097
Other segment information								
Additions to other non-current segment assets	2,605,586	263,618	15,872	1,131	–	78,533	–	2,964,740
Amortisation of deferred government grants	8,103	29	3,011	–	–	–	–	11,143
Amortisation of other intangible assets	(908,412)	(42,523)	(27,285)	–	–	(7,392)	–	(985,612)
Depreciation of property, plant and equipment and right-of-use assets	(96,015)	(32,743)	(41,430)	(1,624)	(8,102)	(34,216)	–	(214,130)
Property, plant and equipment written off	(99)	(1,069)	(14)	–	(2)	(36)	–	(1,220)
Write-down of completed properties held for sale	–	–	–	–	(150,000)	–	–	(150,000)
Expected credit loss on trade and other receivables	(10,000)	–	–	–	–	–	–	(10,000)
Trade receivables written off	(1,206)	(4,442)	–	–	–	–	–	(5,648)
Cost of consumables and raw materials	(1,357,919)	(207,798)	(284,566)	(260,852)	(23,332)	(24,056)	–	(2,158,523)

	City water supply HK$'000	Pipeline direct drinking water supply HK$'000	Environmental protection HK$'000	Main contractor construction HK$'000	Property development and investment HK$'000	All other segments HK$'000	Total HK$'000
Segment assets	**40,124,956**	**4,798,220**	**7,780,264**	**3,444,174**	**4,182,537**	**1,797,562**	**62,127,713**
Other financial assets							**454,765**
Investment in associates	**275,040**	**3,697**	**1,998,371**	–	–	**189,337**	**2,466,445**
Other corporate assets							**5,653,632**
							70,702,555
Segment liabilities	**6,708,877**	**1,016,723**	**526,161**	**4,509,931**	**132,686**	**76,788**	**12,971,166**
Deferred tax liabilities							**1,900,498**
Provision for tax							**3,546,475**
Other corporate liabilities							**26,951,683**
							45,369,822

For the year ended 31 March 2025

	City water supply *HK$'000*	Pipeline direct drinking water supply *HK$'000*	Environmental protection *HK$'000*	Main contractor construction *HK$'000*	Property development and investment *HK$'000*	All other segments *HK$'000*	Inter-segment elimination *HK$'000*	Total *HK$'000*
Revenue								
From external customers	7,498,114	656,787	1,523,478	664,363	361,323	951,500	–	11,655,565
From inter-segment	157,861	2,843	51,569	895,489	–	–	(1,107,762)	–
Segment revenue	7,655,975	659,630	1,575,047	1,559,852	361,323	951,500	(1,107,762)	11,655,565
Segment profit	2,492,882	243,153	555,837	553,591	47,820	4,695	–	3,897,978
Unallocated corporate income								198,129
Unallocated corporate expense								(568,594)
Finance costs								(847,116)
Share of results of associates	17,299	(338)	52,205	–	–	582	–	69,748
Profit before income tax								2,750,145
Income tax expense								(722,067)
Profit for the year								2,028,078
Other segment information								
Additions of investment properties	3,367	–	–	–	106,365	–	–	109,732
Additions to other non-current segment assets	2,968,136	450,106	154,756	–	–	86,714	–	3,659,712
Amortisation of deferred government grants	7,736	28	2,661	–	–	–	–	10,425
Amortisation of other intangible assets	(837,456)	(28,646)	(17,697)	–	–	(7,151)	–	(890,950)
Depreciation of property, plant and equipment and right-of-use assets	(80,936)	(33,728)	(39,566)	(1,668)	(7,920)	(67,977)	–	(231,795)
Property, plant and equipment written off	(343)	(500)	(121)	–	(4)	(11)	–	(979)
Write-down of completed properties held for sale	–	–	–	–	(94,789)	–	–	(94,789)
Expected credit loss on trade receivables	(28,585)	(4,084)	(8,171)	–	–	–	–	(40,840)
Trade receivables written off	(859)	(179)	–	–	–	–	–	(1,038)
Cost of consumables and raw materials	(1,319,533)	(255,594)	(517,377)	(390,163)	(248,518)	(29,667)	–	(2,760,852)

	City water supply *HK$'000*	Pipeline direct drinking water supply *HK$'000*	Environmental protection *HK$'000*	Main contractor construction *HK$'000*	Property development and investment *HK$'000*	All other segments *HK$'000*	Total *HK$'000*
Segment assets	37,110,742	4,453,330	6,776,555	2,892,173	4,035,119	1,656,089	56,924,008
Other financial assets							366,649
Investment in associates	259,243	3,197	1,868,513	–	–	135,853	2,266,806
Other corporate assets							6,334,180
							65,891,643
Segment liabilities	6,530,550	975,171	327,115	4,579,609	209,069	409,336	13,030,850
Deferred tax liabilities							1,544,365
Provision for tax							3,446,970
Other corporate liabilities							25,996,772
							44,018,957

For the years ended 31 March 2026 and 2025, the Group did not depend on any single customer under each of the segments.

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

5. OPERATING PROFIT

Profit from operation is arrived at after charging the following:

	2026	2025
	HK$'000	*HK$'000*
Cost of consumables and raw materials	**2,158,523**	2,760,852
Subcontracting costs	**607,736**	824,242
Cost of utilities used	**514,006**	462,146
Cost of raw water and water resources	**598,003**	460,693
Depreciation of property, plant and equipment	**117,486**	146,694
Depreciation of right-of-use assets	**96,644**	85,101
Amortisation of other intangible assets	**985,612**	890,950
Write-down of completed properties held for sale	**150,000**	94,789
Trade receivables written off	**5,648**	1,038
Expected credit loss on trade and other receivables	**10,000**	497,735
Short-term lease and low-value assets lease expenses in respect of:		
– leasehold land and buildings	**14,950**	7,406
– other property, plant and equipment	**3,434**	2,515
Staff costs (including directors' emoluments):		
– Direct labour costs	**357,597**	293,910
– Salaries and wages	**376,145**	352,880
– Pension scheme contribution	**190,179**	183,150
– Other staff costs	**60,648**	67,932
	984,569	897,872
Property, plant and equipment written off	**1,220**	979
Net foreign exchange loss/(gain)	**29,377**	(18,006)

6. FINANCE COSTS

	2026	2025
	HK$'000	*HK$'000*
Interest on bank loans	**905,872**	1,120,712
Interest on other loans	**398,078**	343,425
Interest on amounts due to non-controlling equity holders of subsidiaries	**12,660**	9,587
Interest on lease liabilities	**26,063**	23,963
Total borrowing costs	**1,342,673**	1,497,687
Less: interest capitalised included in property, plant and equipment, investment properties, contract assets, other intangible assets and properties under development	**(629,164)**	(650,571)
	713,509	847,116

7. INCOME TAX EXPENSE

Income tax expense in the consolidated income statement represents:

	2026	2025
	HK$'000	*HK$'000*
Current income tax		
– the PRC	**589,075**	702,917
Deferred tax	**(55,946)**	19,150
Total income tax expense	**533,129**	722,067

8. DIVIDENDS

(a) Dividends attributable to the year

	2026	2025
	HK$'000	*HK$'000*
Interim dividend of HK$0.13 (2025: HK$0.13) per ordinary share	**211,473**	212,202
Proposed final dividend of HK$0.13 (2025: HK$0.15) per ordinary share	**211,473**	244,132
	422,946	456,334

The final dividends proposed after the reporting date for the year ended 31 March 2026 and 2025 were not recognised as a liability at the reporting date. In addition, the final dividend is subject to the shareholders' approval at the forthcoming annual general meeting.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2026	2025
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year of HK$0.15 (2025: HK$0.15) per ordinary share	**244,132**	244,848
Adjustment to the final dividend *(Note)*	**(125)**	–
	244,007	244,848

Note: The adjustment was made due to shares repurchased prior to the record date of the final dividends and, therefore, the related shares ranked for this dividend payment.

9. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$986,168,000 (2025: HK$1,074,663,000) and the weighted average of 1,626,749,000 (2025: 1,631,799,000) ordinary shares in issue during the year.

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 March 2026 and 2025.

10. TRADE AND BILLS RECEIVABLES

The Group has a policy of allowing trade customers with credit terms of normally within 90 days except for certain construction, installation and maintenance projects for which settlement is made in accordance with the terms specified in the contracts governing the relevant transaction. The ageing analysis of trade and bills receivables based on the invoice dates is as follows:

	2026	2025
	HK$'000	*HK$'000*
0 to 90 days	**1,296,870**	1,271,916
91 to 180 days	**490,603**	312,754
Over 180 days	**1,104,197**	942,524
	2,891,670	2,527,194

11. TRADE AND BILLS PAYABLES

The credit terms of trade and bills payables vary according to the terms agreed with different suppliers. The ageing analysis of trade and bills payables based on the invoice dates is as follows:

	2026	2025
	HK$'000	*HK$'000*
0 to 90 days	**3,932,368**	3,954,796
91 to 180 days	**1,789,163**	1,632,956
Over 180 days	**2,455,739**	2,499,337
	8,177,270	8,087,089

12. EVENT AFTER THE REPORTING PERIOD

On 1 April 2026, the Company entered into the warrant placing agreement with First Shanghai Securities Limited as the placing agent in connection with the warrant placing, pursuant to which the placing agent has agreed to place, on a best effort basis, up to 130,000,000 warrants conferring rights to subscribe for up to 130,000,000 warrants share at the initial warrant exercise price of HK$7.02 per warrant share (subject to adjustment) to the warrant placee(s) who and whose ultimate beneficial owner(s) (if applicable) shall be third party(ies) independent of and not connected with the Company, its connected persons, and their respective associates. In the event that the price of the Company's shares trading on the Stock Exchange at the time when the warrant holders exercise their respective subscription rights exceeds HK$7.34, the Company shall have the sole and absolute discretion to reject to exercise of the subscription rights.

The warrants are to be placed at HK$0.10 each. Each warrant carries the right to subscribe for one (1) warrant share. The subscription rights attaching to the warrants may be exercised at any time during the period of 36 months commencing from the date of the issue of the warrants.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the warrant shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the warrants. No listing of the warrants will be sought on the Stock Exchange or any other stock exchanges. The warrant shares to be allotted and issued upon exercise of the subscription rights attaching to the warrants will be allotted and issued pursuant to the specific mandate to be granted to the Directors by the shareholders at the special general meeting on 18 June 2026.

The gross proceeds and net proceeds from the issue of the warrants will be approximately HK$13,000,000 and HK$12,500,000, respectively. The net proceeds from the issue of the Warrants is expected to be used for general working capital of the Group, including the payment of salary, rental expenses and other office overhead of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the year ended 31 March 2026, the Group recorded a revenue of HK$10,335.8 million, representing a decrease of 11.3% from HK$11,655.6 million in last year. The Group recorded a gross profit of HK$3,558.4 million, representing a decrease of 19.2% from HK$4,405.0 million in last year. For the year under review, the Group recorded a profit for the year attributable to owners of the Company of HK$986.2 million, representing an decrease of 8.2% from HK$1,074.7 million in last year. The basic earnings per share decreased by 7.6% to HK$0.61 in current year.

DIVIDENDS

The Directors recommended a final dividend of HK13 cents (2025: HK15 cents) per ordinary share, which is subject to the approval by the shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 28 September 2026 and will be payable on or about Friday, 13 November 2026 to the shareholders whose names appear on the register of members on Tuesday, 27 October 2026.

CLOSURE OF REGISTER OF MEMBERS

For Annual General Meeting

The register of members will be closed from Wednesday, 23 September 2026 to Monday, 28 September 2026 (both days inclusive), during which period no transfer of shares will be registered. The record date will be Monday, 28 September 2026. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company to be held on Monday, 28 September 2026, all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 22 September 2026.

For Entitlement to Proposed Final Dividend

The register of members will be closed from Monday, 26 October 2026 to Tuesday, 27 October 2026 both days inclusive, during which period no transfer of shares will be registered. The record date will be Tuesday, 27 October 2026. In order to qualify for entitlement to the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, for registration not later than 4:30 p.m. on Friday, 23 October 2026. Subject to the approval by shareholders of the Company at the forthcoming annual general meeting, the proposed final dividend will be paid on or around Friday, 13 November 2026.

BUSINESS REVIEW

The Group's total revenue decreased from HK$11,655.6 million for the year ended 31 March 2025 to HK$10,335.8 million for the year ended 31 March 2026, representing a decrease of 11.3%. The Group optimised its development strategy to enhance project management on core business. The Group put more emphasis on controls over capital expenditure and the return of projects which in turn led to slowdown in the construction activities and thus decline in relevant construction revenue. For the year under review, the total revenue attributable to the "City water supply", "Pipeline direct drinking water supply" and "Environmental protection" segments decreased from HK$9,678.4 million to HK$8,878.3 million. This represented a decrease of segments revenue by 8.3%, which was mainly because of overall decrease in installation and maintenance and construction works in "City water supply" and "Pipeline direct drinking water supply" segments during the year.

(i) City Water Supply Business Analysis

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

For the year under review, the revenue from city water supply segment amounted to HK$6,865.2 million (2025: HK$7,498.1 million), representing a decrease of 8.4% as compared with the last corresponding year. The city water supply segment profit amounted to HK$1,968.5 million (2025: HK$2,492.9 million), representing a decrease of 21.0% as compared with the last corresponding year. This was mainly because of overall decrease in installation and maintenance and construction works during the year.

(ii) Pipeline Direct Drinking Water Supply Business Analysis

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

For the year under review, the revenue from pipeline direct drinking water supply segment amounted to HK$508.1 million (2025: HK$656.8 million), representing a decrease of 22.6% as compared with the last corresponding year. The pipeline direct drinking water supply segment profit amounted to HK$122.3 million (2025: HK$243.2 million), representing a decrease of 49.7% as compared with the last corresponding year. This was mainly because of overall decrease in installation and maintenance and construction works during the year.

(iii) Environmental Protection Business Analysis

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

For the year under review, the revenue from environmental protection segment amounted to HK$1,504.9 million (2025: HK$1,523.5 million), representing a slight decrease of 1.2% as compared with the last corresponding year. The environmental protection segment profit amounted to HK$660.0 million (2025: HK$555.8 million), representing an increase of 18.7% as compared with the last corresponding year. This was mainly attributable to an increase of sewage treatment operation services from sewage treatment projects in current year.

(iv) Main Contractor Construction Business Analysis

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

For the year under review, the revenue from external customers of the main contractor construction segment amounted to HK$505.4 million (2025: HK$664.4 million), representing a decrease of 23.9% as compared with the last corresponding year. The main contractor construction segment profit amounted to HK$270.6 million (2025: HK$553.6 million), representing a decrease of 51.1% as compared with the last corresponding year, which was mainly due to the decrease of construction work for water supply projects in current year.

(v) Property Business Analysis

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

For the year under review, the revenue from the property business segment amounted to HK$53.3 million (2025: HK$361.3 million). The total property business segment loss amounted to HK$141.8 million (2025: segment profit of HK$47.8 million). This was mainly due to the write-down of completed properties held for sale of HK$150,000,000 (2025: HK$94,789,000) and the decrease in sales of property projects in current year and the net effect of fair value gain on investment properties of HK$55,908,000 in last corresponding year.

For the year under review, the overall decrease in the Group's share of results of associates was mainly attributable to the one-off deemed loss on disposal of partial shareholding in Kangda International Environmental Company Limited ("Kangda"), whose ordinary shares are listed on the Mainboard of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). For the year under review, the total contribution to the Group by Kangda amounted to the profit of HK$45.2 million, which comprised (i) the deemed loss on disposal of HK$64.2 million arising from the exercise of 167,273,500 share options of Kangda at the exercise price of HK$0.30 per share held by the share options holders, resulting in the issue of 167,273,500 ordinary shares of HK$0.01 each of Kangda for a total cash consideration of HK$50,182,000; (ii) the gain of HK$35.8 million arising from further additional of interest of Kangda for a total cash consideration of HK$19,242,000; and (iii) share of results of Kangda of HK$73.6 million. For the corresponding year under review, the total contribution to the Group by Kangda amounted to HK$52.0 million, which was share of results of Kangda.

DEEMED DISPOSAL IN RELATION TO THE EQUITY INVESTMENT BY TAIKANG ASSET

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

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

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

DEEMED DISPOSAL IN RELATION TO THE PARTIAL SHAREHOLDING IN KANGDA

On 11 July 2025, Mr. Duan Chuan Liang ("Mr. Duan"), the chairman, executive director and substantial shareholder of the Company, being the holder of the exchangeable bonds, has served the notice to exchange for 546,728,004 shares, representing approximately 25.55% of the total issued share capital of Kangda. The exchange took place on 21 July 2025 and immediately upon the exchange completion, Mr. Duan and Sharp Profit Investments Limited ("Sharp Profit"), a wholly-owned subsidiary of the Company (which is presumed to be acting in concert with Mr. Duan), became interested in an aggregate of 1,155,718,004 shares of Kangda, representing approximately 54.01% of the total issued share capital of the Kangda. Sharp Profit is interested in approximately 28.46% of the total issued share capital of Kangda as at the date of exchange completion. As a result of the share exchange, Mr. Duan is required to make (or procure to be made on his behalf) a mandatory unconditional cash offer pursuant to Rule 26.1(b) of the Takeovers Code for all the shares (other than those already owned and/or agreed to be acquired by him and Sharp Profit). Mr. Duan and Sharp Profit will jointly make (or procure to be made) the share offer as joint offerors, and allocate the offer shares validly tendered for acceptance in the share offer to be taken up in the proportion of approximately 93.00% by Mr. Duan and approximately 7.00% by Sharp Profit. Mr. Duan will also be required to make (or procure to be made on his behalf) an appropriate offer to the optionholders for the outstanding share options granted under the share option scheme of Kangda to cancel all the outstanding share options by way of the option offer. Pursuant to the results of the offers closed on 22 September 2025, Sharp Profit's shareholding in Kangda was reduced from 28.46% to 27.41% and an one-off deemed loss on disposal amounting to HK$64.2 million was recorded and included in share of results of associates during the year ended 31 March 2026.

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

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

ISSUE OF SENIOR NOTES

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

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

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

On 28 April 2026, the Company and the certain subsidiaries of the Company which provide unconditional and irrevocable guarantees to secure the Company's obligations under the additional notes entered into the purchase agreement with Morgan Stanley & Co. International plc, China International Capital Corporation Hong Kong Securities Limited, China CITIC Bank International Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, The Hongkong and Shanghai Banking Corporation Limited, Mizuho Securities Asia Limited, China Galaxy International Securities (Hong Kong) Co., Limited, CLSA Limited, CMBC Securities Company Limited, Mashreqbank psc, SMBC Nikko Securities (Hong Kong) Limited and Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, as initial purchasers, in connection with the issue and sale of additional 5.875% senior notes due 2030 (the "Additional Notes") in the aggregate principal amount of US$150,000,000 (the "Additional Notes Issue"). The Additional Notes will be consolidated and form a single series with the US$150,000,000 5.875% senior notes due 2030 issued in October 2025.

The gross proceeds from the Additional Notes Issue will be approximately US$143.0 million. The net proceeds, after deducting the underwriting discounts and commissions and other estimated expenses payable by the Company in connection with this offering, will be used to fund the concurrent offer to purchase that the Company commenced on 27 April 2026 to purchase for cash its outstanding 4.85% senior notes due 2026 and repay certain other offshore indebtedness. Subject to the foregoing, the Company plans to use an amount equal to the gross proceeds from the offering to finance or refinance, in whole or in part, eligible green projects, particularly water supply projects, in accordance with the Company's green & blue finance framework.

Further details of which had been disclosed in the Company's announcements dated 27 April 2026, 29 April 2026, 7 May 2026, 11 May 2026 and 12 May 2026.

PROSPECTS

Year 2026 ushers in the inaugural year of China's 15th Five-Year Plan and constitutes a crucial timeframe during which urban renewal transitions from incremental expansion to quality improvement of existing stock. The Urban Renewal 15th Five-Year Plan (《城市更新「十五五」規劃》) explicitly ranks the renovation of ageing urban residential communities as a high-priority livelihood project that targets the commencement of renovation works on 115,000 such communities throughout the planning cycle. This will substantially invigorate the economic and commercial momentum of local urban construction while steadily lifting aggregate water consumption and spawning enormous fresh demand for the connection and optimisation of secondary water supply systems. The plan also stipulates the construction and retrofitting of roughly 770,000 km of urban underground pipelines encompassing 175,000 km of water supply pipelines, alongside the central government's coordinated allocation of RMB160 billion in ultra-long-term special treasury bonds and RMB97 billion in central budgetary special investment earmarked for urban renewal initiatives in 2026, which will channel abundant incremental capital into the retrofitting of supporting pipelines for ageing residential communities and thereby grant the water services industry a pivotal opportunity for quality elevation and upgrading.

Against this historic backdrop of favourable opportunities, the Group will proactively follow policy guidance and concentrate on three core strategic directions: (i) capitalising on its operational advantages in water services to deeply participate in the renewal of water supply pipelines and secondary water supply connection projects for ageing residential communities so as to upgrade tap water quality for end residents; (ii) steadily pushing forward the integration of urban and rural water supply and drainage systems while concurrently scaling up the markets for direct drinking water and reclaimed water and reinforcing full-life cycle revenue management; and (iii) further advancing smart water services development, perpetually refining the deployment of AI technologies in pipeline leakage mitigation and energy consumption administration, and expediting the digital transformation of daily operational procedures.

In terms of finance, the Group will enforce stringent controls over capital expenditure and proactively tap into diverse financing instruments including ultra-long-term special treasury bonds to sustain sound and stable free cash flow. Moving forward, the Group will implement comprehensive cost-cutting and efficiency-enhancement measures across all business segments, put in place actionable pathways for energy conservation and carbon emission reduction, and continuously improve its ESG management.

Staying consistently committed to its principle of "Water oriented and kindness to society", the Group will solidify its position as a leading comprehensive water services operator in China and create sustainable long-term value for shareholders, users and the whole of society.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2026, the Group maintained a satisfactory liquidity level. As at 31 March 2026, the Group has total cash and cash equivalents and pledged deposits of approximately HK$4,543.2 million (31 March 2025: HK$5,450.0 million), which are mainly in Hong Kong dollars, Renminbi and United States dollars. The gearing ratio, calculated as a percentage of total liabilities to total assets, is reduced to 64.2% (31 March 2025: 66.8%) as at 31 March 2026.

As at 31 March 2026, the Group's current liabilities exceeded its current assets by HK$4,987.8 million (31 March 2025: net current liabilities of HK$3,789.7 million). It was mainly due to maturity of various long-term bank and other loans including US$350 million senior notes due May 2026, new and existing short-term bank loans due within one year. In the opinion of the directors of the Company, after taken into account the cashflow generated from operations, the internal financial resources, available loan and financing facilities and offers, and new loan and financing facilities currently under negotiation, the Group will have sufficient working capital to meet its financial obligation in full as they fall due in the next twelve months.

As at 31 March 2026, the Group's aggregate outstanding borrowings amounted to HK$26,153.9 million (31 March 2025: HK$25,185.2 million), which are mainly in Hong Kong dollars, Renminbi and United States dollars. The increase in overall borrowings was mainly due to the loans raised related to the capital expenditure, repayment of indebtedness and working capital requirements of the Group. 64.3% of such outstanding borrowings was arranged on floating rate basis and the balance of 35.7% was at fixed rate basis. According to the repayment schedule, HK$7,777.5 million was repayable within one year and the balance of HK$18,376.4 million was repayable after one year.

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

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

During the year ended 31 March 2026, the Company repurchased its own shares on The Stock Exchange as follows:

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

During the year ended 31 March 2026, the Company repurchased a total of 836,000 ordinary shares of HK$0.01 each in the capital of the Company at an aggregate price of approximately HK$4,968,000. Those repurchased shares were held as treasury shares as at the date of this announcement.

The said treasury shares are intended to be used in accordance with the applicable rules and regulations, including but not limited to sale for cash, transfer and cancellation.

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

During the year ended 31 March 2026, the Company purchased and cancelled an aggregate principal amount of US$25,000,000 of the US$350,000,000 4.85% senior notes due May 2026 (listed on the Singapore Exchange Securities Trading Limited) by private arrangement at an aggregate consideration of approximately US$25,000,000 plus accrued interest which was paid.

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

TREASURY AND FOREIGN EXCHANGE RISK MANAGEMENT

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

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

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

CORPORATE GOVERNANCE

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

During the year ended 31 March 2026, the Company has complied with all the applicable provisions of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), save and except for the deviations from code provisions C.2.1, B.2.2 and C.1.6.

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

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

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

HUMAN RESOURCES

As at 31 March 2026, the Group has employed approximately 9,800 staff. Most of them are stationed in the PRC and Hong Kong. The remuneration package of the employees is determined by various factors including their experience and performance, the market condition, industry practice and applicable employment law.

The Company had adopted a share option scheme to incentivise the directors, senior management and employees of the Group. During the year ended 31 March 2026, no option was granted by the Company pursuant to the share option scheme.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions of Directors. The Company has made specific enquiry to all Directors regarding any non-compliance with the Model Code throughout the year ended 31 March 2026 and they all confirmed that they have fully complied with the required standard set out in the Model Code.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The audit committee of the Company currently comprises four independent non-executive directors, namely Mr. Chau Kam Wing (chairman of audit committee), Mr. Siu Chi Ming, Ms. Ho Ping and Mr. Xiao Zhe. The annual results of the Group for the year ended 31 March 2026 have been reviewed by the audit committee.

The financial figures in respect of the announcement of the Group's consolidated results for the year ended 31 March 2026 have been agreed by the Company's auditor, Ernst & Young, to the amount set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and consequently no assurance has been expressed by Ernst & Young on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website (http://www.hkex.com.hk) and the Company's website (http://www.chinawatergroup.com). The annual report will be dispatched to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

On Behalf of the Board
China Water Affairs Group Limited
Duan Chuan Liang
Chairman

Hong Kong, 29 June 2026

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